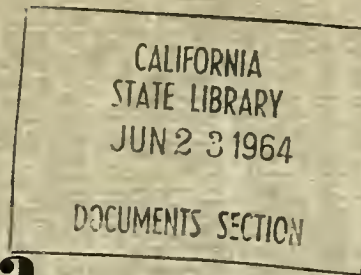


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1964/65
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State of California BUDGET

For the Fiscal Year
July 1, 1964 to June 30, 1965



Submitted by
EDMUND G. BROWN
Governor

to the
CALIFORNIA LEGISLATURE
1964 Budget Session

Budget Message of Governor
Letter of Transmittal of Director of Finance
Summary Statements
Budget Charts

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Schedule 1
GENERAL BUDGET SUMMARY ¹

	Reference to schedule	Actual 1962-63	Estimated 1963-64	Estimated 1964-65
GENERAL FUND				
INCOME (Revenue and transfers) ² -----	2	\$1,865,997,032	\$2,192,281,827	\$2,197,529,216
OUTGO (Expenditures and transfers): ³				
State Operations-----	3	\$675,939,064	\$746,740,250	\$829,733,132
Capital Outlay-----	3	16,576,853	49,779,549	14,932,335
Local Assistance-----	3	1,188,618,381	1,322,836,331	1,479,659,716
TOTAL OUTGO-----	3	\$1,881,134,298	\$2,119,356,130	\$2,324,325,183
SURPLUS OR DEFICIENCY OF CURRENT INCOME-----		—\$15,137,266	\$72,925,697	—\$126,795,967
PRIOR YEAR BALANCES AVAILABLE-----	4	92,589,396	84,042,921	156,968,618
PRIOR YEAR SURPLUS ADJUSTMENTS-----	4	6,590,791		
BALANCE, End of Year-----		\$84,042,921	\$156,968,618	\$30,172,651
Less: Unencumbered balance of continuing appropriations-----	4	38,587,926	41,140,266	21,406,259
Surplus Available for Appropriation-----	4	\$45,454,995	\$115,828,352	\$8,766,392
SPECIAL FUNDS				
INCOME, (Revenue, net after transfers) ² -----	2	\$801,920,355	\$846,401,829	\$932,387,370
OUTGO (Expenditures, net after transfers): ³				
State Operations-----	3	\$187,525,649	\$211,579,727	\$225,878,012
Capital Outlay-----	3	328,866,929	438,612,069	297,838,551
Local Assistance-----	3	305,290,816	365,048,744	415,556,893
TOTAL OUTGO-----	3	\$821,683,394	\$1,015,240,540	\$939,273,456
SURPLUS OR DEFICIENCY OF CURRENT INCOME-----		—\$19,763,039	—\$168,838,711	—\$6,886,086
PRIOR YEAR BALANCES AVAILABLE-----	4	318,862,574	313,809,206	144,970,495
PRIOR YEAR SURPLUS ADJUSTMENTS-----	4	14,709,671		
BALANCES, End of Year-----		\$313,809,206	\$144,970,495	\$138,084,409
Less: Unencumbered balance of continuing appropriations-----	4	56,002,756	8,601,248	7,268,995
Surplus Available for Appropriation-----	4	\$257,806,450	\$136,369,247	\$130,815,414
CONSOLIDATED TOTALS, ALL FUNDS				
INCOME (Revenues)-----	2	\$2,667,917,387	\$3,038,683,656	\$3,129,916,586
OUTGO (Expenditures)				
State Operations-----	3	\$863,464,713	\$958,319,977	\$1,055,611,144
Capital Outlay-----	3	345,443,782	488,391,618	312,770,886
Local Assistance-----	3	1,493,909,197	1,687,885,075	1,895,216,609
TOTAL OUTGO-----	3	\$2,702,817,692	\$3,134,596,670	\$3,263,598,639
SURPLUS OR DEFICIENCY OF CURRENT INCOME-----		—\$34,900,305	—\$95,913,014	—\$133,682,053
PRIOR YEAR BALANCES AVAILABLE-----	4	411,451,970	397,852,127	301,939,113
PRIOR YEAR SURPLUS ADJUSTMENTS-----	4	21,300,462		
BALANCES, End of Year-----	4	\$397,852,127	\$301,939,113	\$168,257,060
Less: Unencumbered balance of continuing appropriations-----	4	94,590,682	49,741,514	28,675,254
Surpluses, Available for Appropriation-----	4	\$303,261,445	\$252,197,599	\$139,581,806

¹ The General Budget Summary includes the revenues and expenditures of all state funds and activities that reflect the cost of State Government. The transactions involving bond funds, federal funds and other funds (see Schedule 6) are excluded.

² Income for the General Fund includes revenues which were originally deposited in a special fund and subsequently transferred to the General Fund, and transfers of surplus from special funds. Such amounts are reduced from special fund revenues.

³ Outgo from the General Fund includes amounts transferred to special funds and expenditures from special funds are reduced by a like amount.

Schedule 1-A
GENERAL FUND SURPLUS AVAILABLE FOR APPROPRIATION
JUNE 30, 1964

RECONCILIATION OF THE CHANGES FROM THE PREVIOUS BUDGET ESTIMATES

GENERAL FUND SURPLUS AVAILABLE FOR APPROPRIATION, JUNE 30, 1964, as estimated in the 1963-64 Budget.....				\$3,983,395
EFFECT OF REVISED ESTIMATES OF REVENUES AND EXPENDITURES, as estimated in the 1964-65 Budget:				
	1963-64 Governor's Budget Previous Estimate	1964-65 Governor's Budget Revised Estimate		
1962-63 Fiscal Year				
Revenues (including transfers)	\$1,845,351,753	\$1,865,997,032	20,645,279	
Expenditures (including transfers):				
State operations	689,837,944	675,939,064	13,898,880	
Capital outlay	32,119,002	16,576,853	15,542,149	
Local assistance	1,197,152,941	1,188,618,381	8,534,560	
1963-64 Fiscal Year				
Prior year surplus adjustments		6,590,791	6,590,791	
Revenues (including transfers)	\$2,099,711,412	\$2,192,281,827	92,570,415	
Expenditures (including transfers):				
State operations	753,537,378	746,740,250	6,797,128	
Capital outlay	14,753,277	49,779,549	—35,026,272	
Local assistance	1,337,852,511	1,322,836,331	15,016,180	
Unencumbered balances in continuing appropriations	8,416,113	41,140,266	—32,724,153	
GENERAL FUND SURPLUS AVAILABLE FOR APPROPRIATION, June 30, 1964 as estimated in the 1964-65 Budget.....				\$115,828,352

Schedule 1-B
GENERAL FUND—STATEMENT OF FINANCIAL CONDITION¹
June 30, 1963

ASSETS		
Cash		
In State Treasury-----	\$115,680,742	
In agency accounts-----	14,037,544	
Total cash-----		\$129,718,286
Accounts receivable—current		
Equity in feeder funds ² -----	\$15,256,802	
Due from other funds-----	14,148,503	
Abatements and reimbursements-----	17,833,886	
Accrued interest income receivable-----	3,926,390	
Other accounts receivable—current-----	218,223	
Total-----		51,383,804
Accounts receivable—deferred		
Accounts receivable revenue-----	\$8,606,210	
Due from other funds-----	3,521,037	
Due from local governments-----	5,236,628	
Interfund building loans-----	2,272,774	
Unreimbursed debt service on school building bonds ³ -----	168,660,742	
Other deferred accounts receivable-----	3,935,917	
Total-----		192,233,308
Deferred charges		
Advances to counties for social welfare-----	\$18,071,188	
Other deferred charges-----	590,341	
Repayments to other funds-----	1,175,642	
Total-----		19,837,171
TOTAL ASSETS-----		\$393,172,569
LIABILITIES		
Accounts payable		
State operations-----	\$30,528,691	
Capital outlay-----	30,508,340	
Local assistance-----	45,954,507	
Total-----		\$106,991,538
Due to other funds-----		1,903,238
Prepayments from other funds-----		1,115,500
Appropriation reimbursements collected in advance-----		3,115,947
Other liabilities-----		523,910
Total liabilities-----		\$113,650,133
RESERVES		
Deferred accounts receivable-----	\$192,233,308	
Uncleared collections-----	3,246,207	
Unencumbered balance of continuing appropriations-----	38,587,926	
Total reserves-----		\$234,067,441
SURPLUS		
Surplus available for appropriation-----		45,454,995
TOTAL LIABILITIES, RESERVES AND SURPLUS-----		\$393,172,569

¹ This statement was prepared by the office of the State Controller. The revenues and expenditures for the 1962-63 fiscal year as reported in this budget are in accordance with the accounts that produce this statement of financial condition of the General Fund.

² "Feeder Funds" have been established by law as the depositories for collection of certain major taxes prior to clearance as revenue to the General Fund. The equities stated herein represent the amount of collections which had not been cleared to the General Fund on June 30, 1963.

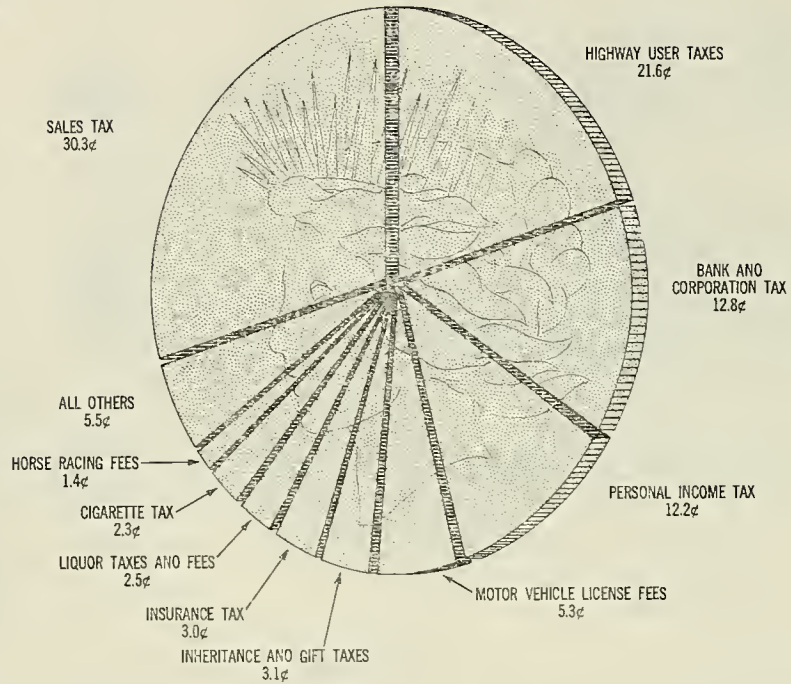
³ Unreimbursed Debt Service of \$168,660,742 represents the accumulated cost of debt service on state school building bonds in excess of reimbursements received from the school districts. The ultimate amount of reimbursements will be limited by each district's ability to pay in relation to its assessed valuation and bonded debt burden. Reimbursements to date have amounted to approximately 40.8 percent of the total debt service cost from the beginning of the State's public school building loan program.

CHART 2

TOTAL BUDGET DOLLARS

1964-65 FISCAL YEAR

REVENUE



EXPENDITURES

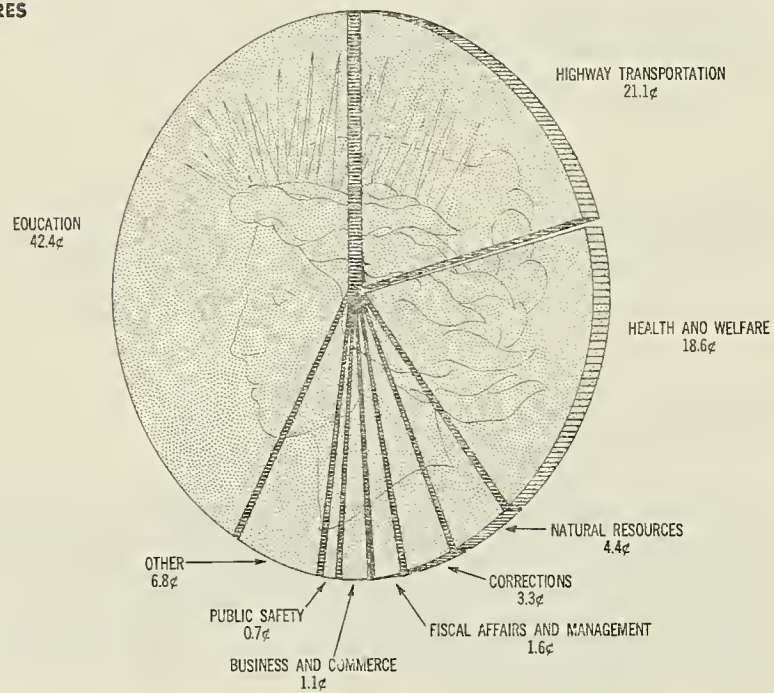
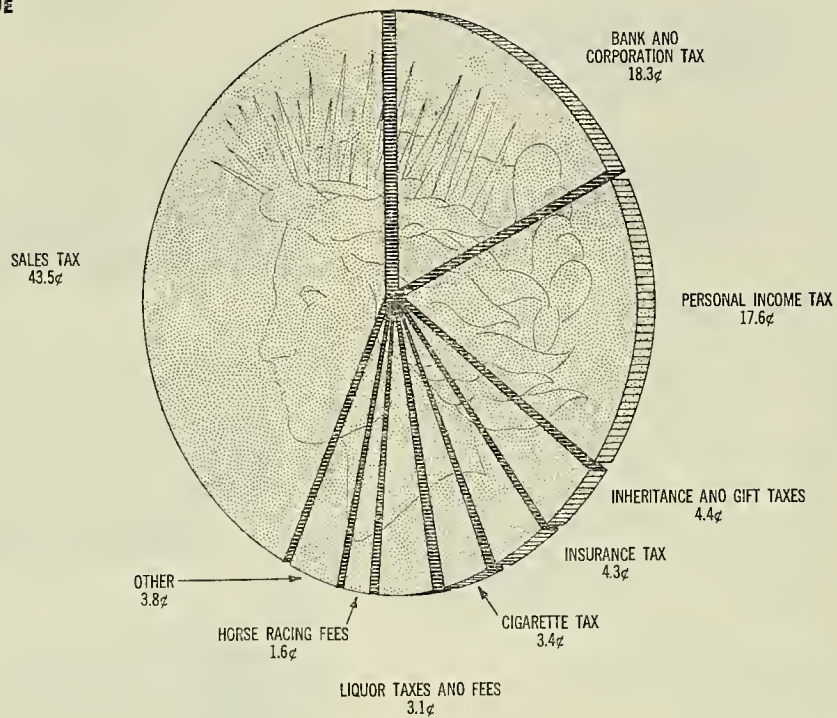


CHART 3

GENERAL FUND BUDGET DOLLARS

1964-65 FISCAL YEAR

REVENUE



EXPENDITURES

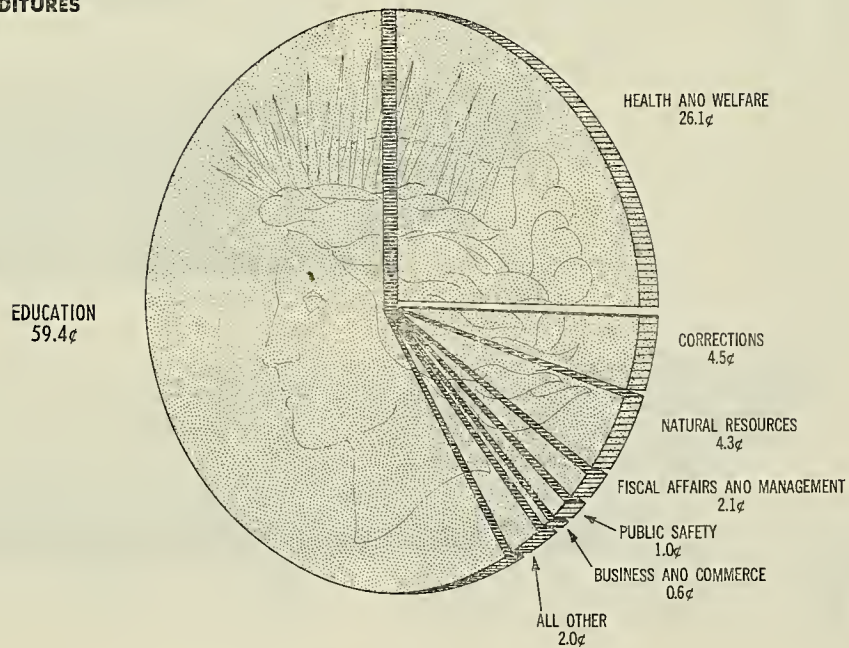
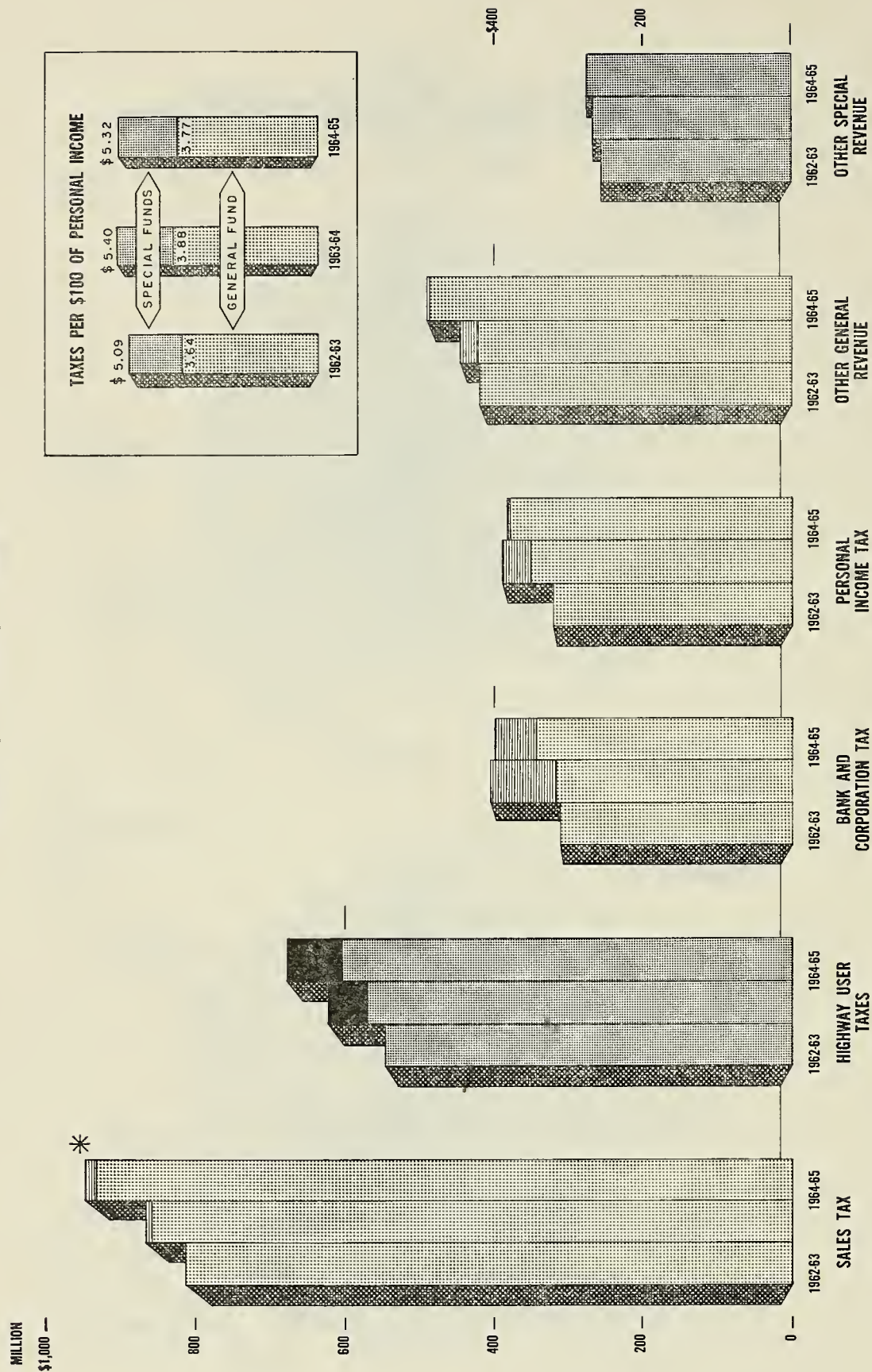


CHART 4

COMPARATIVE REVENUE

1962-63, 1963-64, 1964-65



* Effect of 1963 legislation.

Revenue Estimates

State revenue during the 1964-65 fiscal year is expected to total \$3,129,916,586 according to the forecasts presented in this budget. This represents an increase of \$134,033,849 in total revenue over the receipts for the current period and is \$461,999,199 more than actual collections for 1962-63. A major part of the revenue gain results from the tax adjustment program and other changes enacted during the last general and extraordinary legislative sessions.

Receipts for the budget year and the revised estimates for the current year reflect an assumed high level of economic activity and no major international crisis. Enactment of the long awaited federal tax reduction program has also been built into these projections, with changes in withholding schedules assumed to be effective March 1964.

Under these assumptions, the economy should produce a gross national output of \$617.5 billion during the year, aggregate personal income of \$487.5 billion and corporate profits before taxes of \$53.5 billion. For California the essential factors are: personal income of \$55.6 billion compared with \$52.4 billion in 1963, and corporate profits of \$5.4 billion—4 percent over the \$5.2 billion level last year.

In accordance with the Governor's recommendations, these revenue estimates include two proposed changes in the California tax structure. The first, affecting the personal income tax will allow taxpayers a standard deduction of \$500 if single, or \$1,000 if married or the head of a household, regardless of the amount of income. This will eliminate a current inequity in the optional tax table and provide nominal tax relief for those in the low income brackets. For most taxpayers, this proposal is more liberal than the minimum standard deduction now being considered by the Congress. It is estimated that this provision will reduce revenue for 1964-65 by \$2,750,000. The second change relates to the insurance premiums tax and will limit the amount of real property taxes claimed as a principal office deduction to that space occupied by the insurer. This will close an important loophole in the insurance tax. It will increase General Fund revenue by \$2,500,000 in 1964-65.

General Fund receipts of \$2,177,524,000† will be \$68,002,000 higher than revenue indicated for the current fiscal year. The 1963-64 total, however, includes \$156.2 million attributable to 1963 legislation, while total receipts indicated for 1964-65 include \$75.5 million of tax adjustment receipts and minus \$250,000 as the net effect of proposed legislation. Without these adjustments, General Fund receipts are expected to show a \$149 million gain between the two fiscal years attributable to growth, the stimulative effect of federal tax reduction and improved economic climate in this State.

The sales tax will provide \$947 million followed in order of size by bank and corporation tax receipts of

\$399,100,000 and \$382,500,000 in personal income tax revenue. Following these three major revenue sources are such levies as the inheritance and gift tax, \$95.8 million; insurance gross premiums tax of \$93.0 million; cigarette tax, \$73.2 million; the alcoholic beverage taxes and fees, \$67.3 million; and the receipts from parimutuel wagering on horse racing—\$36.1 million.

Receipts for the special funds are estimated at \$952,392,000 for 1964-65, an increase of \$66,032,000 over anticipated collections in the current year. Again legislative changes distort the comparison between the fiscal years. The budget year and the current year include \$75.3 million and \$49.6 million, respectively, in new revenue.

Special fund receipts are dedicated for special purposes. For the most part they represent taxes and fees collected from the ownership or operation of motor vehicles. Of all the special fund receipts, fuel taxes total \$491.2 million, registration, weight and vehicle license fees account for \$335.8 million, other vehicle associated levies add \$16.0 million, and nonvehicle taxes and licenses and miscellaneous collections provide the remainder—\$109.5 million.

Comparative data for General Fund and special fund levies for the past fiscal year, current period and budget year are shown on the table below.

Table 1
COMPARATIVE REVENUES
(In millions)

Taxes, fees, etc.	1962-63 actual	1963-64 estimated	1964-65 estimated	% of total 1964-65
General Fund:				
Sales and use	\$813.5	\$866.5	\$947.0	30.3
Bank and corporation	311.3	405.8	399.1	12.8
Personal income	322.0	389.5	382.5	12.2
Inheritance and gift	92.4	91.7	95.8	3.1
Insurance	78.0	104.5	93.0	3.0
Cigarette	70.2	72.2	73.2	2.3
Alcoholic beverage *	62.2	64.1	67.3	2.2
Horse racing †	33.6	34.0	36.1	1.2
Other sources	82.9	81.3	83.6	2.7
Totals, General Fund	\$1,866.0	\$2,109.5	\$2,177.5	69.6
Special Funds:				
Motor vehicle				
Fuels	386.2	444.9	491.2	15.7
Registration, weight, etc.	151.4	161.1	170.3	5.4
License (in lieu tax) ‡	145.9	156.2	165.5	5.3
Transportation	9.1	15.2	16.0	0.5
Liquor license	10.6	10.8	11.0	0.4
Horse racing	8.1	8.9	9.3	0.3
Other sources	90.7	89.2	89.2	2.8
Total, Special Funds	\$801.9	\$886.4	\$952.4	30.4
Grand Totals, Revenue	\$2,667.9	\$2,995.9	\$3,129.9	100.0

* Excluding special fund share of liquor license fees.

† Excluding special fund share of horse racing tax.

‡ Excludes General Fund share of vehicle license fee which is included in other General Fund sources.

As indicated earlier, data for many of the taxes in the current and 1964-65 fiscal years are not comparable because of the legislative changes in 1963. Some of the tax adjustments produce major amounts of revenue for a single year, others, a gain spread over several years while still others produce a continuous

† This and all subsequent dollar amounts are rounded to the nearest thousand. Percentage changes have been computed from unrounded data.

flow of new revenue. The following table indicates the major revenue changes attributable to 1963 legislation and the effect in 1963-64 and 1964-65.

Table 2
MAJOR REVENUE CHANGES ATTRIBUTABLE
TO 1963 LEGISLATION
(In millions)

	1963-64	1964-65
General Fund		
Bank and corporation tax -----	\$88.4	\$56.8
Personal income tax -----	38.2	2.2
Insurance tax -----	22.0	2.5
Sales tax -----	7.1	13.8
Other -----	0.5	0.2
Total -----	\$156.2	\$75.5
Special Funds		
Motor vehicle fuel taxes -----	42.2	66.4
Motor vehicle weight fees -----	7.4	8.9
Total -----	\$49.6	\$75.3
Grand Total -----	\$205.8	\$150.8

Beginning with returns filed on 1963 incomes, installment payments will no longer be permitted for either corporation or personal income taxpayers. The installment privilege for banks, however, will be eliminated in two steps, affecting revenues in 1963-64 and 1964-65. In addition, partial prepayment of bank and corporation taxes will be required on an estimated basis beginning in June 1965.

The transition to quarterly payments of the insurance tax will start in 1964 with the tax on first quarter premiums due in June. The change over to full quarterly payments will be spread over a four-year period and during this time tax rates will be reduced to compensate for possible retaliatory action of other states. Receipts from the surplus line brokers tax, formerly revenue for the Insurance Fund, became General Fund revenue last September.

Several bills were passed affecting sales and use tax revenues. The principal changes were the extension of the levy to (1) meals sold for off-premise consumption, (2) meals served by employer and employee organizations and (3) occasional sales of motor vehicles. There were two relatively minor sales tax exemptions—insulin, and fuel oil sold to tramp steamers for use outside the limits of this State.

A major change was also made in highway user revenues. Gasoline and liquid petroleum gas taxes were increased and weight fees on commercial vehicles were raised to provide additional funds for city streets and county roads. Although the increases were designed to afford additional revenue for local jurisdictions, the receipts will flow through the State financial structure and the amounts are included in the fuel tax and registration fee estimates shown below. Another feature of the measure allows an increase in motor vehicle license fees for rapid transit systems. Imposition of the higher fees depends upon local action and receipts will be treated as local revenue collected by the State under contract with local jurisdictions.

Revised Estimates

Revenue data for the current year as shown in this budget differ in total and in detail for most of the taxes from the estimates submitted in the Governor's Budget last year. The latter included \$139 million for

tax proposals to bring collections current with State obligations. Only minor changes affecting revenue for 1963-64 were made in the legislative process and, as enacted, these proposals totaled \$140.7 million. There were, however, other measures passed which had substantial effect on General Fund and special fund revenues.

As originally submitted, revenues for 1963-64 totaled \$2,883,738,000, \$2,079,711,000 for the General Fund and \$804,027,000 for the special funds. If these amounts are adjusted for legislation, total revenues become \$2,942,668,000, General Fund receipts rise to \$2,083,007,000 and special fund income increases to \$859,661,000. On this basis, the revised General Fund total presented in this budget exceeds comparable original estimates by \$26.5 million, or 1.3 percent. The revised special fund aggregate is \$26.7 million (3.1 percent) above the original estimate as adjusted.

The original budget estimates assumed a reduction in federal income tax levies about mid-1963, retroactive to January 1 of last year. Although passage of the tax cut has been delayed, gross national product and income exceeded most expectations. There is some indication that the high level of activity included an anticipatory effect of the tax reduction.

Stimulus to the economy last year came largely from three sources: record sales of motor vehicles; a sharp rise in business investment and residential building; and exceptionally good corporate profits. The General Fund taxes associated with these factors reflect these higher levels and account for \$37.0 million of increased revenue for 1963-64. The major gain is shown in bank and corporation taxes, up \$19.3 million from the adjusted estimate. Sales tax receipts show a gain of \$12.4 million and personal income tax receipts an increase of \$5.3 million. In contrast to these increases inheritance and gift tax receipts were overestimated by \$8.5 million, largely the result of extending the high collections of the early part of 1962-63.

The motor vehicle levies—fuel, license and registration—in the aggregate were \$12.2 million higher, again reflecting the effect of the record motor vehicle sales. The other major increase in special fund receipts occurs in oil and mineral royalties for the California Water Fund which are \$15 million higher than anticipated.

General Fund revenue for 1963-64 in this budget is \$243.5 million greater than actual receipts for 1962-63. As pointed out earlier \$156.2 million is attributable to 1963 legislation and \$87.3 million to basic yields for the current year. A number of factors account for the apparently low gain over the preceding year. These include the fact that a major part of the 1962-63 tax was generated by (1) the cyclical recovery from the 1960-61 recession; (2) a substantial increase in motor vehicle sales and building activity; (3) abnormally large inheritance tax receipts and (4) one large corporation tax settlement covering several years. The current year, on the other hand, has witnessed large tax refunds, substantial adjustments in the corporation tax base, a decline in the taxable earnings of financial corporations subject to the bank tax, and an apparent slight drop in inheritance tax collections.

A summary of the original forecasts for 1963-64 as adjusted for legislation and the estimates shown in this budget is given in the table below.

Table 3
COMPARISON OF ORIGINAL AND REVISED
ESTIMATES OF STATE REVENUE, 1963-64
(In millions)

<i>Taxes, fees, etc.</i>	<i>Original *</i>	<i>Revised</i>	<i>Changes</i>	
			<i>Amount</i>	<i>Percent</i>
Alcohol beverages -----	\$75.5	\$74.9	-\$0.6	-0.8
Bank and corporation -----	386.4	405.8	+19.3	+5.0
Cigarette -----	73.2	72.2	-1.1	-1.5
Horse racing -----	42.1	43.0	+0.9	+2.1
Inheritance and gift -----	100.2	91.7	-8.5	-8.5
Insurance -----	103.2	104.5	+1.2	+1.2
Motor vehicle -----				
Fuels -----	439.7	444.9	+5.2	+1.2
License (in lieu) -----	152.0	157.3	+5.3	+3.5
Registration, weight -----	159.4	161.1	+1.7	+1.1
Transportation -----	15.0	15.2	+0.2	+1.3
Personal income -----	384.2	389.5	+5.3	+1.4
Private car -----	2.0	1.8	-0.1	-5.5
Sales and use -----	854.1	866.5	+12.4	+1.5
Total Taxes -----	\$2,787.1	\$2,828.3	+\$41.2	+1.5
Other revenue -----	155.6	167.6	+12.0	+7.7
Total Revenue -----	\$2,942.7	\$2,995.9	+\$53.2	+1.8
General Fund -----	2,083.0	2,109.5	+26.5	+1.3
Special funds -----	859.7	886.4	+26.7	+3.1

* Original estimate corrected for changes between proposed tax adjustment program and tax adjustments as enacted.

Economic Conditions

The foregoing estimates of revenue are predicated upon continued growth in economic activity for the Nation in 1964 and 1965. Part of this anticipated improvement rests upon enactment of the federal tax reduction program early in 1964, retroactive to January 1. It has been assumed that withholding schedules will be cut to 14 percent as of March 1. This should have a stimulative effect on the Nation's economy increasing output in the first year by about 1½ times the value of the tax reduction. In 1965 the effect will be greater and will include the second step of the tax reduction program.

The projected growth in economic activity presupposes neither major international crises nor a marked easing of world tensions leading to widespread disarmament, although some relaxation may accompany the nuclear test ban. The rapid rise in defense and aerospace expenditures characteristic of recent years is expected to diminish in 1964 and defense expenditures may actually level off by 1965.

The forces influencing the national picture will also affect California although the declining growth rate in defense and space industries should have greater repercussions on this State's economic outlook. The relatively greater population growth here should continue to hold California's income gains above the Nation's, but the margin of difference is not expected to be as great as in recent years.

Gross national production this year is estimated at \$617.5 billion, \$33.3 billion higher than in 1963. Personal income in the Nation is expected to reach \$487.5 billion, compared with \$463 billion in 1963. Income of California residents will rise to \$55.6 billion from an estimated \$52.4 billion last year.

Components of gross national product together with estimates of personal income, corporate profits

and other major economic factors for the Nation and for California are summarized in Table 4.

Table 4
ECONOMIC DATA
(Dollar amounts in billions)

	<i>1962</i>	<i>1963</i>	<i>1964</i>	<i>Percent</i>
<i>National data:</i>	<i>actual</i>	<i>preliminary</i>	<i>estimated</i>	<i>changed</i>
Gross national product -----	\$554.9	\$585.0	\$617.5	5.6
Consumer expenditures -----	355.4	373.5	394.5	5.6
Durable goods -----	48.2	51.5	52.5	1.9
Nondurables -----	161.4	167.5	178.0	6.3
Services -----	145.7	154.5	164.0	6.1
Private investment -----	78.8	82.0	86.5	5.5
New construction -----	44.4	46.5	48.5	4.3
Residential -----	23.2	24.9	25.5	2.4
Other -----	21.2	21.6	23.0	6.5
Producers' equipment -----	28.8	31.0	33.5	8.1
Change in inventories -----	5.5	4.5	4.5	-
Net exports -----	3.8	4.3	4.5	4.7
Government purchases of				
goods and services -----	117.0	125.2	132.0	5.4
Federal -----	62.4	66.6	69.0	3.6
State and local -----	54.6	58.6	63.0	7.5
Personal income -----	442.1	463.0	487.5	5.3
Personal taxes -----	57.7	60.4	60.5 ^a	0.2
Federal -----	49.0	50.8	49.5 ^a	-2.6
State and local -----	8.7	9.6	11.0 ^a	14.6
Disposable income -----	384.4	402.6	427.0 ^a	6.1
Corporate profits -----	46.8	51.0	53.5	4.9
Consumers' price index -----	105.4	106.5	108.0	1.4
<i>California data:</i>				
Personal income -----	\$49.2	\$52.4	\$55.6	6.1
Personal taxes -----	6.2	6.5	6.3 ^a	-2.0
Disposable income ^b -----	43.0	45.9	49.3	7.3
Spending resources ^c -----	39.9	43.2	46.1	6.6
Taxable sales -----	26.0	27.9	29.8	6.5
Corporate profits -----	4.8	5.2	5.4	3.9
Population July 1				
(millions) -----	17.0	17.7	18.3	3.4
Civilian employment				
(millions) -----	6.3	6.4	6.6	3.0
Consumers' price index ^d -----	107.1	108.6	110.1	1.4

^a Includes effect of federal tax cut assumed effective March 1964.

^b Disposable income of California residents represents personal income less federal and state personal income taxes. Other personal tax and nontax payments have not been deducted.

^c Spending resources of California residents represent disposable income adjusted for estimated changes in short-term consumer credit and in liquid asset holdings of individuals—e.g., money, bank accounts, savings bonds. Amounts are estimated by the California Department of Finance for use in connection with the analysis and projection of sales tax revenue.

^d Index for California as computed by the California Department of Industrial Relations, Division of Labor Statistics and Research.

SOURCE: National data for 1962 from reports of the Office of Business Economics, U.S. Department of Commerce; preliminary figures for 1963 based on Department of Commerce reports for the first three quarters with fourth quarter estimated by the California Department of Finance; estimates of national data for 1964, estimates of California's population, personal income, personal taxes, disposable income, etc., are based upon studies by the Financial and Population Research Section, Budget Division, California Department of Finance.

Gross National Product

The consumer is expected to play the dominant role in the economic growth of the current year. Two-thirds of the increase in gross national product will occur in consumer expenditures, principally for non-durable goods and services. These higher rates of consumption are a direct corollary of the increase in disposable income following the tax cut and the higher levels of income generated by the growth in economic activity.

The automobile industry posted its best sales record last year and the second-best production record with 7,644,000 units. With two good years just completed, it is unlikely that a new record will be established this year. However, replacement needs, coupled with high levels of income, should produce a good market, and car sales in 1964 have been estimated at 7.0 million units on this basis, about the volume reported in 1962.

Notwithstanding the decline in automobile output, consumers' purchases of durable goods should show further growth in the current year. The dollar volume of automobile sales, allowing for more accessories, will not decline as much as the number of units. Other durable goods—appliances and house furnishings—should increase with higher disposable incomes and the record levels of residential building in 1963 and 1964. In total, consumers are expected to spend \$394.5 billion, \$21.0 billion more than last year.

Business investment in plant and equipment promises to provide another significant portion of the economic growth forecast for the year. Increased profits, record cash flow, ample loan funds and a greater use of capacity all point toward an increase in business investment. With greater consumer demand, the need for more or improved facilities will become manifest, particularly as many industries are now at or near profitable capacity operations.

Nationally, private housing starts in 1964 will be about 1,475,000 units, slightly below the level in 1963. More of the construction is expected in single family units, which will increase costs per unit and produce a slightly higher dollar volume of outlays. The remaining segment of gross private domestic investment—inventory accumulation—should hold at about the 1963 level. Recent years have shown a declining inventory-sales ratio as a result of better inventory control, delivery speed-up, better distribution of supplies and faster communication. The trend should continue, but with a six percent projected growth in sales, total inventories should rise during the year.

Gross private domestic investment is expected to total \$86.5 billion in 1964. This represents an increase of \$4.5 billion for the year, made up of a \$0.6 billion gain in residential housing and \$3.9 billion in greater outlays for plant and equipment.

Since 1960, federal expenditures for goods and services have been one of the major elements of strength in the economy. Only a moderate increase is expected for the current year—\$2.4 billion, about half the gain of 1963. As indicated above, the rate of increase in space and defense expenditures is leveling off and the latter may actually decline by 1965. State and local outlays are expected to continue the strong upward trend that has characterized the postwar period. Expenditures for all governmental purchases of goods and services are estimated to aggregate \$132 billion, 5.4 percent above last year.

Personal Income

The increased demand for goods and services should create employment opportunities. These projections, therefore, contemplate civilian employment of more than 70 million for the current year and aggregate payrolls of \$332 billion, including military. At this level, wage and salary receipts will be \$19.6 billion, or 6.3 percent, above last year.

Improvement is also expected in business and professional income, property income (dividends, interest and rents) and in transfer payments. Aggregate personal income has been forecast at \$487.5 billion. Disposable income is estimated at \$427 billion, including the effect of the federal tax cut, or 6.1 percent above the 1963 level. With an estimated \$394.5 billion de-

ducted for personal consumption expenditures, savings for the year will amount to \$32.5 billion, 7.6 percent of disposable income—a new record in the dollar total, but below the rates established in the early 1950's and in 1956.

Corporate profits have also been forecast to set a new record at \$53.5 billion, 4.9 percent greater than the exceptionally high level of \$51 billion apparent for last year.

California Situation

California population is expected to total 18,272,000 on July 1, 1964, up 3.4 percent from 1963. This growth, slightly lower than gains in previous years, anticipates 600,000 new Californians, divided 60-40 between net migration and natural increase. The lower growth rate for this year is attributable to both an apparent decline in natural increase and to a drop in migration as leveling of defense business in this State somewhat reduces employment opportunities.

It is anticipated that employment in 1964 will total 6,635,000, up 194,000 from last year's total. This will not fully absorb the expansion in the labor force and consequently unemployment will rise to an estimated 425,000 persons, 6.0 percent of the labor force. With the exception of agriculture and mining, a gain in employment is projected for all major industrial groups this year. The largest numerical gains are expected in service, government and trade. Manufacturing employment is expected to show only a moderate improvement.

California's share of prime contracts awarded by the Defense Department has slipped from 26 percent in 1961 to 23 percent last year. The closing out of the Skybolt system contract was the major loss in California.

The volume of new nonfarm dwelling units in this State is expected to decline from the record established last year. Most of the decrease will be in Southern California multi-unit structures. Because of the greater emphasis on single family units, however, the total dollar value of residential construction is not likely to drop significantly. The considerations which affect non-residential construction in the Nation are applicable to California and this type of activity should show a 4 percent gain over last year.

Personal income of California residents is forecast at a record breaking \$55.6 billion, an increase of \$3.2 billion over the total for 1963. At this level, California will show a continuation of the rise which has carried this State's share of the Nation's personal income to new heights each year. On the basis of factors indicated earlier, however, the gain will not be as great this year as in the past. California will account for 11.4 percent of the Nation's income, compared with 11.31 percent in 1963 and 11.13 in 1962.

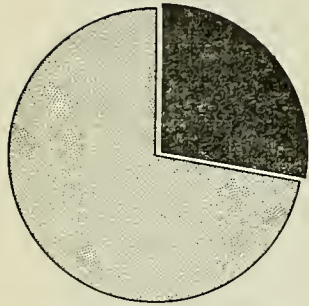
Corporate profits during 1964 are estimated at \$5.4 billion, up 3.9 percent over last year. The gain in corporate earnings in 1963 was not as large as that experienced nationally nor is the gain for the current year likely to be as great. Some of the industries showing high profits are not as important in California's corporate structure, and the slowing of defense and aerospace industries has tended to depress profits in this sector.

Additional details on these and other basic national and State economic factors used in preparing the budget revenue forecasts are given in Table 4.

GENERAL FUND REVENUE

More than seven-tenths of aggregate State revenue will accrue to the General Fund. This includes collections from such levies as those on sales of tangible personal property, personal income, corporate profits, and insurance premiums. For the most part these taxes are geared directly to business conditions. Hence, the estimate of revenue from each source flows directly from the economic assumptions explained above. The influence of these economic factors upon the various taxes and the methods used in preparing the budget revenue estimates are outlined below.

Sales Tax—\$947,000,000



30.3% OF TOTAL BUDGET

Since economic activity during 1963 was at a higher level than had been anticipated in this report a year ago, the taxable sales for 1963, likewise, exceeded the earlier expectations. Sales in all major categories of goods were above the anticipated levels, with the largest differences occurring in motor vehicles, consumer durables, and building materials.

Taxable sales are expected to show further gains during 1964 and 1965, reflecting higher personal incomes, growing population, favorable business conditions and the twofold effect of the proposed federal tax reduction: the immediate increase in disposable income and spending resulting from lower withholding rates, and the subsequent impact on the economy. Total taxable sales in 1964 are estimated to be \$29.75 billion and at that level will exceed the apparent 1963 volume by 6.5 percent. The estimate for 1965 is \$31.75 billion, up 6.7 percent from the anticipated 1964 level.*

As in the preceding years, the estimates of taxable sales have been prepared by two independent methods. One is based on detailed analyses of sales in more than 40 types of businesses. Using analyses of per capita consumption, aggregate sales of \$15.94 billion are expected during 1964 and \$16.95 billion during 1965 for consumer nondurables, consumer durables, and automobile supplies, compared to apparent sales of \$15.08 billion during 1963 for the same categories. Because sales of motor vehicles, building materials and producers' equipment are exceptionally volatile and do not show as pronounced per capita trends as most of the consumer goods, sales for these groups have been estimated separately.

Motor vehicle sales during 1964 are expected to decline numerically from the record level reached in the past year. However, it is expected that higher priced models, coupled with more accessories, will hold the dollar volume at about 7 percent below the

* With respect to 1965, only the first quarter taxable sales and those of vendors reporting monthly during the second quarter will influence State revenues of the 1964-65 fiscal year.

1963 level, resulting in sales of approximately \$4.1 billion in 1964, compared with \$4.4 billion last year.

Sales of building materials should reflect the high level of housing units started during the latter part of 1963, continued high volume of housing construction in 1964, and increased nonresidential construction. This group is estimated at \$3.3 billion for 1964, about 4 percent above the record level reached in 1963, and should show additional gains during the following year, perhaps reaching \$3.5 billion.

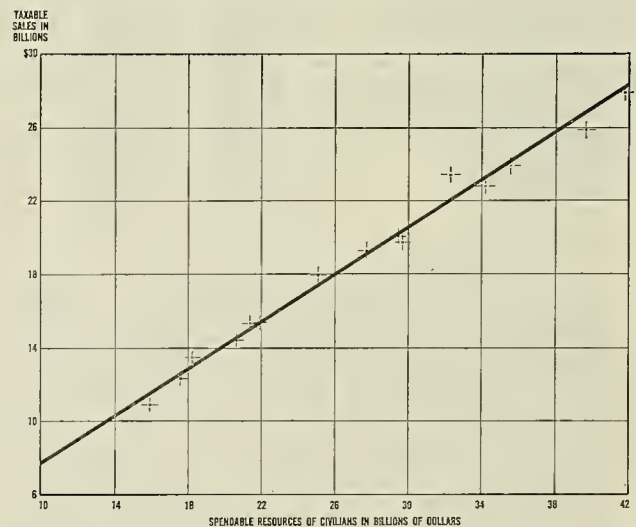
Sales of producers' equipment, too, are expected to show sizeable increases during the year. The total for this year has been estimated at \$5.67 billion, up almost 8 percent. Further increases during 1965 are expected to bring the level in that year to \$6 billion.

The second method of estimating sales tax involves the correlation of taxable sales with projected spendable resources. The spendable resources of Californians are derived from disposable personal income, adjusted for estimated changes in consumer credit and liquid assets—primarily cash balances at various banking institutions. The relationship between taxable sales and spendable resources has been quite stable over a period of years, as the accompanying chart indicates. Although there is no reason to believe that this relationship has changed, the difficulties in estimating changes in savings have increased during the last few years because of the high and unpredictable volume of out-of-state funds deposited in California's savings institutions. Since savings data are not segregated by residence of depositors, changes in out-of-state deposits affect the estimate of spendable resources.

The estimates of taxable sales as obtained by reconciling the figures from the two approaches are shown in Table 5, together with the corresponding data for 1963.

Taxable transactions were allocated by quarters on the basis of seasonal patterns, with allowances for

Chart 5
CORRELATION BETWEEN TAXABLE SALES AND
SPENDABLE RESOURCES OF CIVILIANS
1949-63



changes in the dates of Easter and other factors affecting fiscal year collections.

After audit adjustments, the sales tax is estimated to yield \$947,000,000 for 1964-65 and \$866,500,000 for 1963-64, compared to actual receipts of \$813,465,000 for 1962-63.

Table 5
TAXABLE TRANSACTIONS IN CALIFORNIA
(In millions)

	1963	1964	Percent change over 63	1965	Percent change over 64
Consumer non-durables	\$11,590	\$12,284	+6.0	\$13,065	+6.4
Consumer durables, excluding autos	2,326	2,420	+4.0	2,565	+6.0
Motor vehicle sales	4,405	4,100	-6.9	4,360	+6.3
Motor vehicle supplies	1,167	1,231	+5.5	1,310	+6.4
Building materials	3,177	3,300	+3.9	3,500	+6.1
Producers' equipment and supplies	5,260	5,665	+7.7	6,030	+6.4
Unallocated	-	750	-	920	-
Totals	\$27,925	\$29,750	+6.5	\$31,750	+6.7

Bank and Corporation Tax—\$399,100,000

Corporate profits attributable to California operations in 1963 and 1964 will determine largely the receipts from this source during the periods covered by this budget. The estimate of 1963 earnings was based upon the results of a carefully selected sample of over 900 corporations in 62 industry classes. According to the data obtained from this survey, California corporate income approached \$5.2 billion, exceeding the previous high set in 1962. Earnings by major industry for 1962 and 1963 are shown in the following table.

Table 6
CORPORATE PROFITS BY MAJOR INDUSTRY,
CALIFORNIA, 1962 and 1963
(In thousands)

	1962	1963	Percent change
Agriculture	\$45,790	\$53,600	+17.1
Mining and oil production	195,200	277,000	+41.9
Construction	133,700	122,400	-8.5
Manufacturing	1,819,110	1,950,100	+7.2
Trade	660,450	710,000	+7.5
Financials subject to bank tax	555,038	585,500	+5.5
Real estate and other financials	329,692	374,600	+13.6
Utilities	821,500	845,500	+2.9
Services	261,120	275,300	+5.4
Miscellaneous	1,935	2,000	+3.4
Totals	\$4,823,535	\$5,196,000	+7.7

The 7.7 percent increase compares with a 9 percent gain for the nation. Corporate profits in California generally do not fluctuate in either direction as much as they do in the nation because of differences in industrial makeup. Usually it is the manufacturing group that accounts for much of the year-to-year variation in profit levels, and manufacturing comprises a somewhat smaller part of the corporate structure in California than in the nation as a whole. In addition, earnings of the aerospace industry—aircraft, missiles, and electronics—declined in 1963 and contributed to

holding down the gain in manufacturing profits in this State. The following table compares the composition of corporate profits for both the United States and California.

Table 7
INDUSTRIAL DISTRIBUTION OF CORPORATE
PROFITS
UNITED STATES AND CALIFORNIA
(In percent)

	United States	California
Agriculture	0.1	1.0
Mining and oil production	1.8	4.1
Construction	1.0	2.8
Manufacturing	55.1	37.7
Trade	11.2	13.7
Finance, real estate, etc.	12.4	18.3
Utilities	17.1	17.0
Services	1.3	5.4
	100.0	100.0

California corporate profits for 1964 are forecast at \$5.4 billion, almost 4 percent above the 1963 level. This follows the earnings trend for corporate profits in the national economic outlook for 1964.

The bank and corporation tax was amended in 1963 in the following important respects:

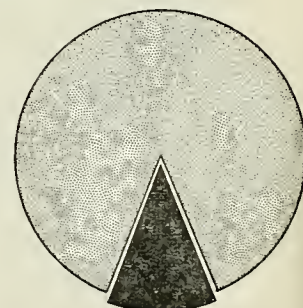
1. Installment payment privileges were eliminated for general corporations effective January 1, 1964.
2. Installment privileges for payment of the bank tax by banks and other financial institutions, were eliminated in two stages, half in 1964 and half in 1965.
3. Provisions were made for the payment of estimated tax on current business profits beginning June 15, 1965.

Receipts during the current year will be increased by \$88.4 million due to the elimination of the installment privilege for general companies and the provision requiring one-half of the additional tax on banks and other financial institutions to be paid nine months earlier. Payment of the entire bank tax coupled with first receipts of the estimated current tax next year will result in an additional \$57 million during 1964-65. The estimate for 1963-64 was reduced by \$5,500,000 as a result of a California Supreme Court decision requiring payment of refunds to certain oil companies.

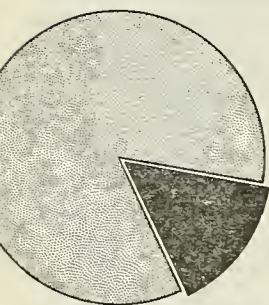
On this basis, revenue from the bank and corporation tax for 1964-65 is estimated to total \$399,100,000 down from the \$405,750,000 anticipated in the current year. Actual collections during 1962-63 totaled \$311,351,000.

Personal Income Tax—\$382,500,000

Personal income of California residents, the basis of the revenue collected under the personal income tax, reached a record \$52.4 billion in 1963 and is expected to climb to \$55.6 billion this year. Details of these totals together with comparable amounts for 1962 are shown in the following table.



12.2% OF TOTAL BUDGET



12.8% OF TOTAL BUDGET

Table 8
CALIFORNIA PERSONAL INCOME
(In millions)

Source	1962	1963	1964
Wages and salaries	\$33,186	\$35,427	\$37,550
Proprietors' income	5,335	5,544	5,750
Property income	6,784	7,338	7,900
Other income	5,177	5,595	6,020
Less: Social insurance contributions	1,296	1,523	1,620
Totals	\$49,187	\$52,381	\$55,600

SOURCE: U.S. Department of Commerce, 1962; California Department of Finance, 1963 and 1964.

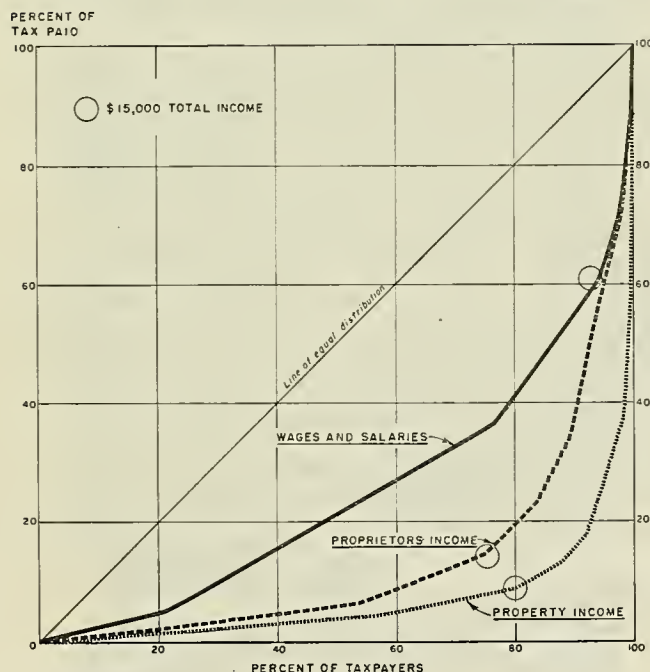
Taxes paid on wage and salary income, proprietors' income and property income (interest, dividends and rent) accounted for approximately 89 percent of the self-assessed tax in 1962. Capital gains and miscellaneous income, such as annuity and alimony payments, which are not included in the Department of Commerce definition of personal income, made up the remainder.

The concentration of income into the various tax brackets varies according to income source. Generally, wage and salary income accumulates in the lower brackets, proprietors' income in the middle ranges and property income in the higher brackets.

The following chart illustrates these differences in income distribution. The farther the curve is from the line of equal distribution the more concentrated is the income in the higher tax brackets. Thus, 6 percent of the taxpayers with wage and salary income exceeding \$15,000 paid 39 percent of the tax attributable to wages and salaries, and 20 percent of the taxpayers with property incomes over \$15,000 paid over 91 percent of the tax attributable to property income. In fact, one-half of 1 percent of these taxpayers accounted for 42 percent of the tax attributable to property income.

Chart 6

PERCENT OF TAX PAID BY TYPE OF TAXPAYER



The following table illustrates the relative importance of personal income and self-assessed tax for 1962 by components of personal income.

	Personal income (percent)	Tax assessment (percent)
Wages and salaries	67.5	58.0
Proprietors' income	10.8	16.9
Property income		
Interest	7.2	3.5
Dividends	3.5	8.1
Rents	3.1	2.2
Other income	7.9	2.0
Capital gains	--	9.3
Totals	100.0	100.0

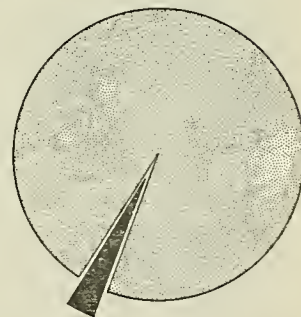
Two bills amending the personal income tax with significant fiscal implications were enacted during 1963. The more important, in terms of revenue, eliminated the privilege of paying the income tax in three installments beginning with the tax due this year. It is estimated that this will result in an additional \$38 million during 1963-64. The second bill conformed the California law to some of the amendments of the Internal Revenue Code enacted by the Congress in 1962. The net effect of this legislation is expected to result in additional revenue of \$200,000 annually.

The revenue estimate for 1964-65 also includes the effect of the Governor's recommendation to allow all persons a standard deduction of \$500 if single, or \$1,000 if filing a joint return or as head of household—regardless of the 10 percent income limitation. This has been estimated to reduce revenue collections \$2,750,000 a year.

After adding audit collections of the Franchise Tax Board and converting calendar year collections into fiscal years, revenue from this levy is expected to total \$382,500,000 during 1964-65, compared with \$389,500,000 in 1963-64 and actual receipts of \$322,012,000 in 1962-63.

Inheritance and Gift Taxes—\$95,800,000

Receipts from the inheritance and gift taxes depend primarily upon such variable factors as the number and size of bequests or gifts and the relationship between the decedent or donor and the beneficiary. Exemptions are scaled down with the remoteness of relationship while tax rates rise substantially as the value of the transfer increases and as the relationship recedes.

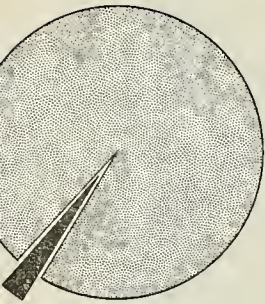


3.1% OF TOTAL BUDGET

Collections generally follow business conditions and growth in property values. Occasionally, however, the settlement of a large estate or a greater number of medium sized estates than are normally received produces a significant increase in receipts during a fiscal year. This was apparently true in 1962-63. Inheritance tax collections for that year were \$86.8 million—\$16.2 million greater than in the preceding year. So far in 1963-64, collections are below a year ago and the estimate for current year reflects this drop. A normal growth pattern is expected to resume for the budget period and collections of \$90,000,000 have been forecast.

The abnormally high gift tax collections in the current year are attributable to a concerted effort by the State Controller to reduce the backlog of returns awaiting audit. A return to a normal growth pattern is assumed for 1964-65. Revenue for the budget period has been forecast at \$5,800,000, compared with \$6,200,000 in 1963-64 and actual receipts of \$5,649,000 in 1962-63.

Insurance Tax—\$93,000,000



3.0% OF TOTAL BUDGET

This tax is imposed on premiums written by insurance companies and is in lieu of all levies except real estate taxes and motor vehicle fees. The base for 1963-64 was estimated from the replies of 72 insurance companies indicating their estimates of the percentage changes in the volume of premiums written on major lines of insurance. The replies indicated a tax base of \$3,940,000,000 for 1963.

In arriving at the net tax base, dividends paid or credited to policyholders were deducted, other business done by title insurers was added, and allowances were made for the special rates on annuities and ocean marine insurance.

Insurers are now allowed to deduct from their tax liability the entire amount of real property taxes paid on their principal office in California. The Governor is recommending, however, that this deduction be limited to only that space occupied by the insurance company. This will increase revenue for 1964-65 by \$2,500,000.

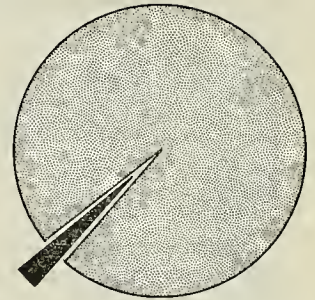
As a part of the revenue program passed by the 1963 Legislature, revenues from the insurance tax will be placed on a current basis beginning this year. Under the old system, taxes on premiums written in one calendar year were due the following June. The transition to a system of quarterly payments due two and one half months after the close of each calendar quarter will take four years to complete. During this period the tax rate is reduced from 2.35 percent to 2.33 percent to compensate insurers for possible retaliatory action by other states. Under the first phase of this program, insurers will remit to the State in June 1964 a payment for premiums written in the first quarter of that year. Total collections for 1963-64 are estimated at \$104,500,000, of which \$22,000,000 is attributable to this change in the law.

Revenue projections for 1964-65 were based upon the replies of the insurance companies to the questionnaire and upon an analysis of insurance trends in relation to motor vehicle registration, population and income. In addition, revenue from the surplus line brokers tax will be deposited in the General Fund rather than the Insurance Fund. This tax amounts to about \$500,000 a year. Since the due date of this tax has been changed to June 15 starting in 1965, two years' receipts will be received in 1964-65. Total revenue for the insurance tax is estimated at \$93,000,000 for 1964-65.

Alcoholic Beverage Taxes—\$78,300,000

Revenue related to sale and consumption of alcoholic beverages is of two types: (1) excise taxes collected on the sale of distilled spirits, beer, and wine and (2) liquor license fees collected from manufacturers, distributors and retailers engaged in this industry.

The estimated consumption of alcoholic beverages is based on an analysis of per capita trends in relation to time and income. After an especially large increase in 1962, per capita consumption of distilled spirits remained stable at 3.1 gallons per adult civilian last year. In projecting taxable consumption this year and next, a resumption of the gradual upward trend of the past decade has been assumed. Beer consumption is expected to increase by about 0.3 of a gallon per person to reach a total of 25 gallons per adult civilian. Purchase of wine is also expected to increase, both in absolute amount and in terms of adult population. Total distribution by type of beverage is shown below.



2.5% OF TOTAL BUDGET

	(Millions of gallons)			
	1962	1963	1964	1965
Distilled spirits	31.3	32.2	34.1	36.0
Beer	245.3	258.0	270.0	282.0
Wine	35.2	37.2	39.0	40.9

Application of the relevant rates and adjustment to a fiscal year basis results in the following estimates:

	(In thousands)		
	1962-63	1963-64	1964-65
Distilled spirits	\$48,152	\$49,300	\$52,000
Beer	—	10,545	11,083
Sweet wine	10,659 *	331	339
Dry wine		199	214
Sparkling wine		355	364
Total Excise Taxes	\$58,811	\$60,730	\$64,000

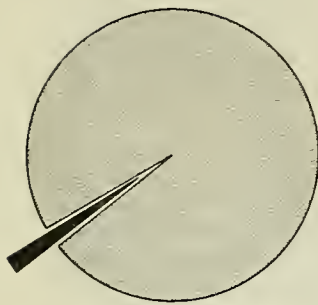
* Cannot be separated due to credits and other adjustments.

Revenue from liquor license fees accrues to both the General Fund and the Alcoholic Beverage Control Fund. General Fund money is composed of application fees for new licenses, service charges, special fees on certain licenses collected for the enforcement of fair trade regulations and 10 percent of all other fees, primarily the annual renewal fees.

The authority for issuance of intercounty transfers at \$3,000 each expired June 1, 1963. Money from this source amounted to nearly \$400,000 in 1962-63. However, the 1963 Legislature authorized special fees of \$24 and \$52 on certain licenses. Revenue from this source is expected to be about \$300,000 in the current and following fiscal years and nearly offsets the decline resulting from elimination of intercounty transfers. License fee receipts for both the General Fund and the Alcoholic Beverage Control Fund are shown in the following table.

	(In thousands)		
	1962-63	1963-64	1964-65
General Fund	\$3,353	\$3,321	\$3,300
Alcoholic Beverage Control Fund	10,585	10,800	11,000
Total Liquor License Fees	\$13,939	\$14,121	\$14,300

Cigarette Tax—\$73,200,000

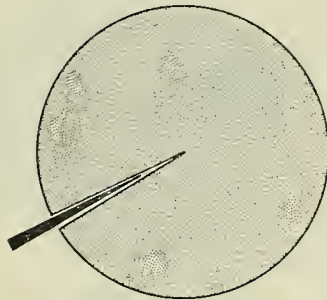


2.3% OF TOTAL BUDGET

Cigarette consumption for the current and following years has been estimated on the basis of an analysis of trends since the inception of the tax. A downward adjustment has been made to allow for the effects of the United States Department of Public Health report on smoking and subsequent intensified campaigns to curb cigarette smoking. Per capita purchases are estimated at 138

packages for 1964, a decrease of about 4 packages from last year. Application of the 3-cent-per-package tax rate and the 2 percent distributor's discount to the appropriate fiscal year yields revenue estimates of \$73,200,000 for the budget year, and \$72,150,000 for the current year compared to \$70,194,000 in 1962-63.

Horse Racing Fees—\$45,306,000



1.4% OF TOTAL BUDGET

In general, the trend in parimutuel wagering at California race tracks has paralleled personal income. This basic factor underlies the detailed estimates of parimutuel betting at each of the racing meets to be held in the remainder of the current year and the budget period.

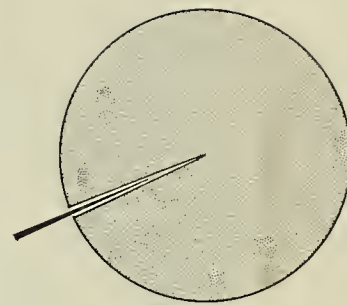
The revenue estimates also reflect variations in total betting due to changes in the number of racing days for

Hollywood Park where the meet overlaps two fiscal years. This track, which had 54 racing days in 1962-63, will have 52 days in 1963-64 and 56 days in 1964-65. The estimates for 1963-64 and 1964-65 also provide for the newly authorized Spring Meet at the California State Fair. No allowance was made for the effect of the strike at Santa Anita, since the loss in wagering may be fully offset by the five added racing days authorized by the Horse Racing Board.

The aggregate handle for all tracks for 1963-64 has been estimated at \$567,946,000 and for 1964-65 at \$595,318,000. The total handle for 1962-63 was \$551,966,000. The table below shows the amount of revenue from horse racing and the disposition of receipts among the various funds. Since excess revenue in the Fair and Exposition Fund is subsequently transferred to the General Fund, final disposition of receipts is shown instead of initial deposits.

	(In thousands)		
	1962-63	1963-64	1964-65
Tax on parimutuel pools—	\$35,998	\$37,069	\$39,099
Breakage —————	5,322	5,547	5,843
Unclaimed wagering tickets	285	295	307
Licenses, fines and penalties	58	56	57
Totals —————	\$41,663	\$42,967	\$45,306
General Fund —————	\$33,606	\$34,015	\$36,056
Fair and Exposition Fund	7,207	8,202	8,500
Wildlife Restoration Fund	750	750	750

Private Car Tax—\$1,900,000

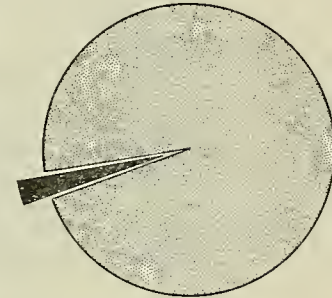


0.1% OF TOTAL BUDGET

Under this levy, railroad cars owned by companies other than railroads are taxed by the State rather than by the various local governments. Assessed valuations are determined by the State Board of Equalization and the average statewide property tax rate during the preceding fiscal year is applied against the assessment roll.

Based upon assessments of \$26,679,000 and on a statewide rate of \$6.92 per \$100, current year collections will total \$1,846,000. Assuming a moderate increase in tax rates but no change in assessed valuation, receipts from this source have been projected to \$1,900,000 for 1964-65. Actual collections during 1962-63 totaled \$1,808,000.

Nontax Receipts—\$80,625,000



2.6% OF TOTAL BUDGET

A substantial volume of revenue accrues to the General Fund from sources other than tax levies. These include bonus payments and royalties on the production of oil and gas from State-owned lands; interest on investments and bank accounts; charges for treatment and services at State hospitals, if the patient has private means or is a county responsibility; charges to counties for support of Youth Authority wards; and such other items as sale of property and penalty payments for traffic violations.

In total, miscellaneous general receipts will amount to \$80,625,000 in the budget year, an increase of \$2,220,000 over the corresponding figure for the current period. The total is made up of four roughly equal categories; pay patients and county board charges at hospitals and correctional schools—\$21.4 million; interest income—\$22.0 million; oil and gas royalties—\$16.9 million; and all other, chiefly traffic penalties, sale of property and charges for certain services in connection with business, incorporations and issuance of stock—\$20.3 million. Principal amounts comprising the total are shown in Schedule 2.

Legislation affecting revenues in this category during the 1963 session transferred the small craft license fees from the General Fund to the Small Craft Harbor Revolving Fund. Because of this transfer, the revenue from those fees—\$260,000—does not appear in the budget totals for 1964-65, but is shown in the fund statement on page 1130.

SPECIAL FUND REVENUE

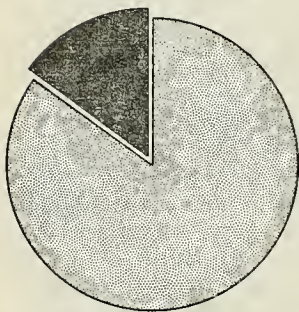
Provisions of the State Constitution, codes and statutes restrict the use of certain revenue for specified purposes, and under California's financial procedure these receipts are separately accounted in

various special funds. In general, they comprise three categories of income: (1) receipts from broad tax levies which are allocated to specific functions; (2) charges for special services to specific groups; and (3) certain rentals, royalties and other receipts earmarked for particular purposes. Motor vehicle taxes and fees illustrate the first of these classes. License fees for the regulation of businesses and professions are typical of the second, while oil and gas royalties assigned in part to water resource development and school support are an example of the third. Interest earned by the investment of special fund money accrues to the fund for which the investments are held.

Motor vehicle taxes and fees account for almost 90 percent of all special fund revenue. Principal sources of this income are the levies upon motor vehicle fuel, registration and weight fees, transportation tax, and the vehicle license fee which is levied in lieu of local taxes on this type of personal property. During the 1964-65 fiscal year \$844,000,000 will be derived from motor vehicle taxes. Approximately \$384 million of this revenue will be returned to local governments, and \$1.0 million will accrue to the General Fund to meet highway bond interest and redemption charges. The remainder will be available for various activities related to state highways and vehicle regulation.

Regulatory fees and charges for special services to industry, business and the professions constitute the second largest source of special fund income. Coupled with hunting and fishing licenses and liquor licenses, receipts from these sources will amount to \$52.6 million in the coming fiscal year. Rents, royalties and other miscellaneous receipts during 1963-64 are estimated to total \$42.7 million.

Motor Vehicle Fuel Taxes—\$491,150,000



15.7% OF TOTAL BUDGET

The forecast of revenue from the gasoline tax is based upon estimates of the number of vehicles in operation and the average fuel consumption per vehicle. Including exempt vehicles, total registrations are expected to reach 10,510,000 by year-end 1964, up 5.7 percent from the previous December 31. The greater use of lightweight vehicles and continuing growth in multi-car families have tended to reduce

the average gasoline consumption per vehicle. This decline is expected to continue at a decreasing rate, dropping to 630 gallons per vehicle in 1964-65 from the 634 gallons consumed during 1962-63.

With vehicle registration of 10,510,000 and average consumption at 630 gallons, total consumption is estimated at 6.62 billion gallons. This volume, at 7 cents per gallon, will result in collections of \$463,500,000 during 1964-65, compared with \$419,100,000 in 1963-64 and actual receipts of \$362,140,000 in 1962-63.

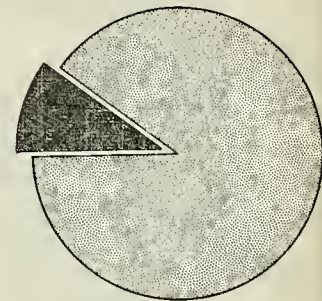
The estimate of revenue for 1963-64 includes \$42.1 million as a result of the Collier-Unruh Local Transportation Development Act. This act, in part, increased the gas tax from 6 cents to 7 cents per gallon effective October 1, 1963. The estimate for 1964-65 includes \$66.2 million in new revenue from this legislation.

Diesel fuel consumption is expected to increase in line with economic activity. However, continued use of piggyback hauling of trailers by railroads will offset part of this gain. As a result, consumption of diesel fuel is expected to total 375,000,000 gallons in 1964-65, compared with 351,000,000 gallons in 1963-64 and 339,512,000 gallons in 1962-63.

Including \$125,000 in 1963-64 and \$200,000 in 1964-65 as a result of the one cent increase in the liquid petroleum gas tax as provided in the Collier-Unruh Act, receipts from the diesel tax and the tax on liquid petroleum gas are expected to reach \$27,650,000 in 1964-65, compared with \$25,800,000 in 1963-64 and actual receipts of \$24,075,000 in 1962-63.

Motor Vehicle Fees—\$336,800,000

The bulk of revenue from this source is obtained from registration, weight and vehicle license fees with the remaining revenue from drivers' licenses and others fees incidental to vehicle operation. Sales of new vehicles—autos, trucks, trailers and motorcycles—during 1964 are expected to total 965,000 and an additional 352,000 will be registered by people moving into California. Allowing for scrapage and vehicles leaving the State, total fee-paid vehicle registrations at year-end 1964 are estimated at 10,393,000.



10.8% OF TOTAL BUDGET

Weight fees were increased approximately 19 percent by the Collier-Unruh Act and as a result revenue is expected to increase \$7.4 million during 1963-64 and \$8.9 million in 1964-65. This will be offset, in part, by a decline in the average weight of commercial vehicles due to continued utilization of lightweight materials in truck and trailer construction. Drivers' licenses fees will total approximately \$9.3 million during the current year and \$10.3 million in the budget year.

Total registration and weight fees, drivers' licenses and other charges, which amounted to \$151,364,000 in 1962-63, are estimated at \$161,100,000 in 1963-64 and \$170,300,000 in the budget year.

In addition to the number of vehicles, original market value and age distribution are factors important to the determination of vehicle license fee revenue. The average value of new cars appears to be increasing slightly and further small increases have been

Schedule 1
GENERAL BUDGET SUMMARY ¹

	Reference to schedule	Actual 1962-63	Estimated 1963-64	Estimated 1964-65
GENERAL FUND				
INCOME (Revenue and transfers) ² -----	2	\$1,865,997,032	\$2,192,281,827	\$2,197,529,216
OUTGO (Expenditures and transfers): ³				
State Operations-----	3	\$675,939,064	\$746,740,250	\$829,733,132
Capital Outlay-----	3	16,576,853	49,779,549	14,932,335
Local Assistance-----	3	1,188,618,381	1,322,836,331	1,479,659,716
TOTAL OUTGO-----	3	\$1,881,134,298	\$2,119,356,130	\$2,324,325,183
SURPLUS OR DEFICIENCY OF CURRENT INCOME-----		—\$15,137,266	\$72,925,697	—\$126,795,967
PRIOR YEAR BALANCES AVAILABLE-----	4	92,589,396	84,042,921	156,968,618
PRIOR YEAR SURPLUS ADJUSTMENTS-----	4	6,590,791		
BALANCE, End of Year-----		\$84,042,921	\$156,968,618	\$30,172,651
Less: Unencumbered balance of continuing appropriations-----	4	38,587,926	41,140,266	21,406,259
Surplus Available for Appropriation-----	4	\$45,454,995	\$115,828,352	\$8,766,392
SPECIAL FUNDS				
INCOME, (Revenue, net after transfers) ² -----	2	\$801,920,355	\$846,401,829	\$932,387,370
OUTGO (Expenditures, net after transfers): ³				
State Operations-----	3	\$187,525,649	\$211,579,727	\$225,878,012
Capital Outlay-----	3	328,866,929	438,612,069	297,838,551
Local Assistance-----	3	305,290,816	365,048,744	415,556,893
TOTAL OUTGO-----	3	\$821,683,394	\$1,015,240,540	\$939,273,456
SURPLUS OR DEFICIENCY OF CURRENT INCOME-----		—\$19,763,039	—\$168,838,711	—\$6,886,086
PRIOR YEAR BALANCES AVAILABLE-----	4	318,862,574	313,809,206	144,970,495
PRIOR YEAR SURPLUS ADJUSTMENTS-----	4	14,709,671		
BALANCES, End of Year-----		\$313,809,206	\$144,970,495	\$138,084,409
Less: Unencumbered balance of continuing appropriations-----	4	56,002,756	8,601,248	7,268,995
Surplus Available for Appropriation-----	4	\$257,806,450	\$136,369,247	\$130,815,414
CONSOLIDATED TOTALS, ALL FUNDS				
INCOME (Revenues)-----	2	\$2,667,917,387	\$3,038,683,656	\$3,129,916,586
OUTGO (Expenditures)				
State Operations-----	3	\$863,464,713	\$958,319,977	\$1,055,611,144
Capital Outlay-----	3	345,443,782	488,391,618	312,770,886
Local Assistance-----	3	1,493,909,197	1,687,885,075	1,895,216,609
TOTAL OUTGO-----	3	\$2,702,817,692	\$3,134,596,670	\$3,263,598,639
SURPLUS OR DEFICIENCY OF CURRENT INCOME-----		—\$34,900,305	—\$95,913,014	—\$133,682,053
PRIOR YEAR BALANCES AVAILABLE-----	4	411,451,970	397,852,127	301,939,113
PRIOR YEAR SURPLUS ADJUSTMENTS-----	4	21,300,462		
BALANCES, End of Year-----	4	\$397,852,127	\$301,939,113	\$168,257,060
Less: Unencumbered balance of continuing appropriations-----	4	94,590,682	49,741,514	28,675,254
Surpluses, Available for Appropriation-----	4	\$303,261,445	\$252,197,599	\$139,581,806

¹ The General Budget Summary includes the revenues and expenditures of all state funds and activities that reflect the cost of State Government. The transactions involving bond funds, federal funds and other funds (see Schedule 6) are excluded.

² Income for the General Fund includes revenues which were originally deposited in a special fund and subsequently transferred to the General Fund, and transfers of surplus from special funds. Such amounts are reduced from special fund revenues.

³ Outgo from the General Fund includes amounts transferred to special funds and expenditures from special funds are reduced by a like amount.

Schedule 1-A
GENERAL FUND SURPLUS AVAILABLE FOR APPROPRIATION
JUNE 30, 1964
RECONCILIATION OF THE CHANGES FROM THE PREVIOUS BUDGET ESTIMATES

GENERAL FUND SURPLUS AVAILABLE FOR APPROPRIATION, JUNE 30, 1964, as estimated in the 1963-64 Budget.....				\$3,983,395
EFFECT OF REVISED ESTIMATES OF REVENUES AND EXPENDITURES, as estimated in the 1964-65 Budget:				
	1963-64 Governor's Budget Previous Estimate	1964-65 Governor's Budget Revised Estimate		
1962-63 Fiscal Year				
Revenues (including transfers)	\$1,845,351,753	\$1,865,997,032	20,645,279	
Expenditures (including transfers):				
State operations.....	689,837,944	675,939,064	13,898,880	
Capital outlay	32,119,002	16,576,853	15,542,149	
Local assistance.....	1,197,152,941	1,188,618,381	8,534,560	
1963-64 Fiscal Year				
Prior year surplus adjustments.....		6,590,791	6,590,791	
Revenues (including transfers).....	\$2,099,711,412	\$2,192,281,827	92,570,415	
Expenditures (including transfers):				
State operations.....	753,537,378	746,740,250	6,797,128	
Capital outlay	14,753,277	49,779,549	—35,026,272	
Local assistance.....	1,337,852,511	1,322,836,331	15,016,180	
Unencumbered balances in continuing appropriations.....	8,416,113	41,140,266	—32,724,153	
GENERAL FUND SURPLUS AVAILABLE FOR APPROPRIATION, June 30, 1964 as estimated in the 1964-65 Budget.....				\$115,828,352

Schedule 1-B
GENERAL FUND—STATEMENT OF FINANCIAL CONDITION ¹
June 30, 1963

ASSETS		
Cash		
In State Treasury.....	\$115,680,742	
In agency accounts.....	14,037,544	
Total cash.....		\$129,718,286
Accounts receivable—current		
Equity in feeder funds ²	\$15,256,802	
Due from other funds.....	14,148,503	
Abatements and reimbursements.....	17,833,886	
Accrued interest income receivable.....	3,926,390	
Other accounts receivable—current.....	218,223	
Total.....		51,383,804
Accounts receivable—deferred		
Accounts receivable revenue.....	\$8,606,210	
Due from other funds.....	3,521,037	
Due from local governments.....	5,236,628	
Interfund building loans.....	2,272,774	
Unreimbursed debt service on school building bonds ³	168,660,742	
Other deferred accounts receivable.....	3,935,917	
Total.....		192,233,308
Deferred charges		
Advances to counties for social welfare.....	\$18,071,188	
Other deferred charges.....	590,341	
Repayments to other funds.....	1,175,642	
Total.....		19,837,171
TOTAL ASSETS.....		\$393,172,569
LIABILITIES		
Accounts payable		
State operations.....	\$30,528,691	
Capital outlay.....	30,508,340	
Local assistance.....	45,954,507	
Total.....		\$106,991,538
Due to other funds.....		1,903,238
Prepayments from other funds.....		1,115,500
Appropriation reimbursements collected in advance.....		3,115,947
Other liabilities.....		523,910
Total liabilities.....		\$113,650,133
RESERVES		
Deferred accounts receivable.....	\$192,233,308	
Uncleared collections.....	3,246,207	
Unencumbered balance of continuing appropriations.....	38,587,926	
Total reserves.....		\$234,067,441
SURPLUS		
Surplus available for appropriation.....		45,454,995
TOTAL LIABILITIES, RESERVES AND SURPLUS.....		\$393,172,569

¹ This statement was prepared by the office of the State Controller. The revenues and expenditures for the 1962-63 fiscal year as reported in this budget are in accordance with the accounts that produce this statement of financial condition of the General Fund.

² "Feeder Funds" have been established by law as the depositories for collection of certain major taxes prior to clearance as revenue to the General Fund. The equities stated herein represent the amount of collections which had not been cleared to the General Fund on June 30, 1963.

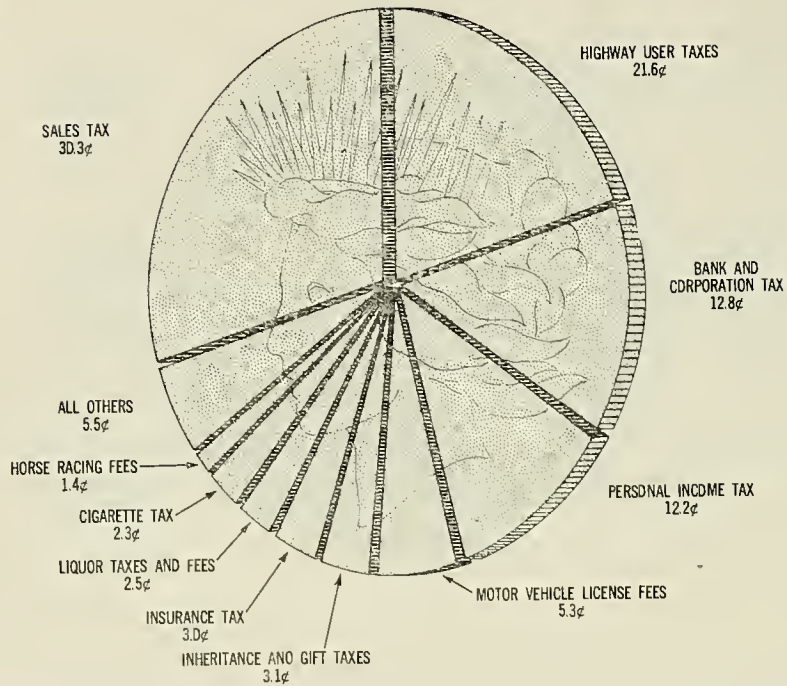
³ Unreimbursed Debt Service of \$168,660,742 represents the accumulated cost of debt service on state school building bonds in excess of reimbursements received from the school districts. The ultimate amount of reimbursements will be limited by each district's ability to pay in relation to its assessed valuation and bonded debt burden. Reimbursements to date have amounted to approximately 40.8 percent of the total debt service cost from the beginning of the State's public school building loan program.

CHART 2

TOTAL BUDGET DOLLARS

1964-65 FISCAL YEAR

REVENUE



EXPENDITURES

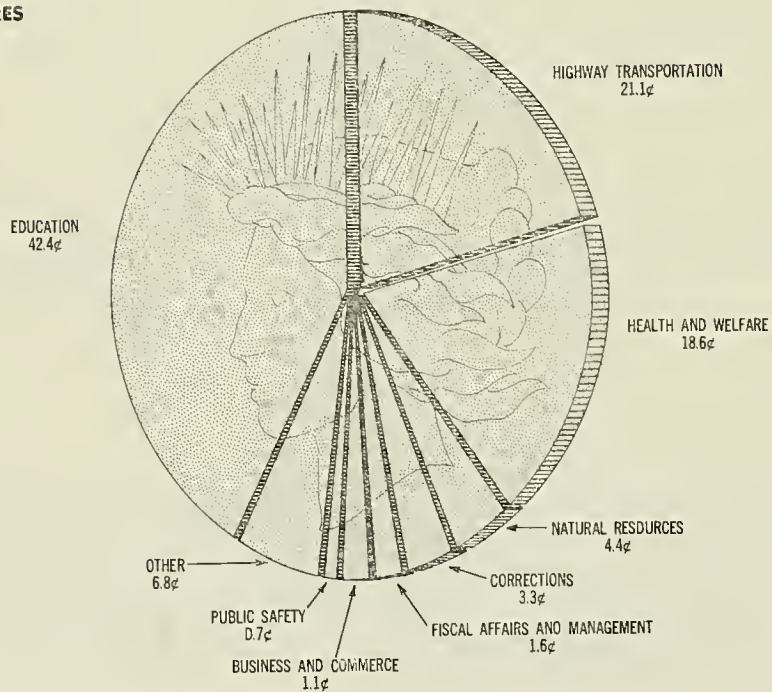
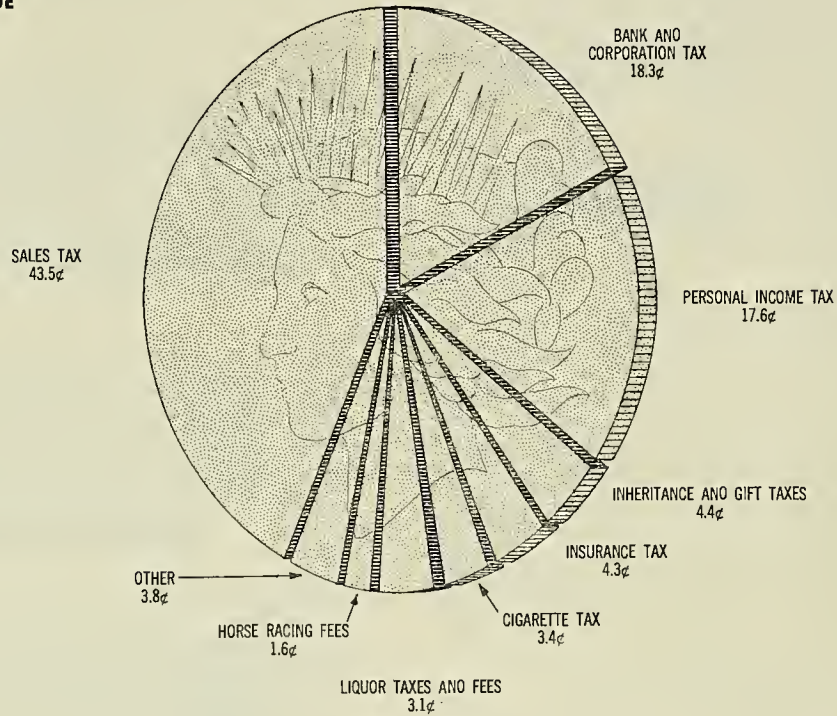


CHART 3

GENERAL FUND BUDGET DOLLARS

1964-65 FISCAL YEAR

REVENUE



EXPENDITURES

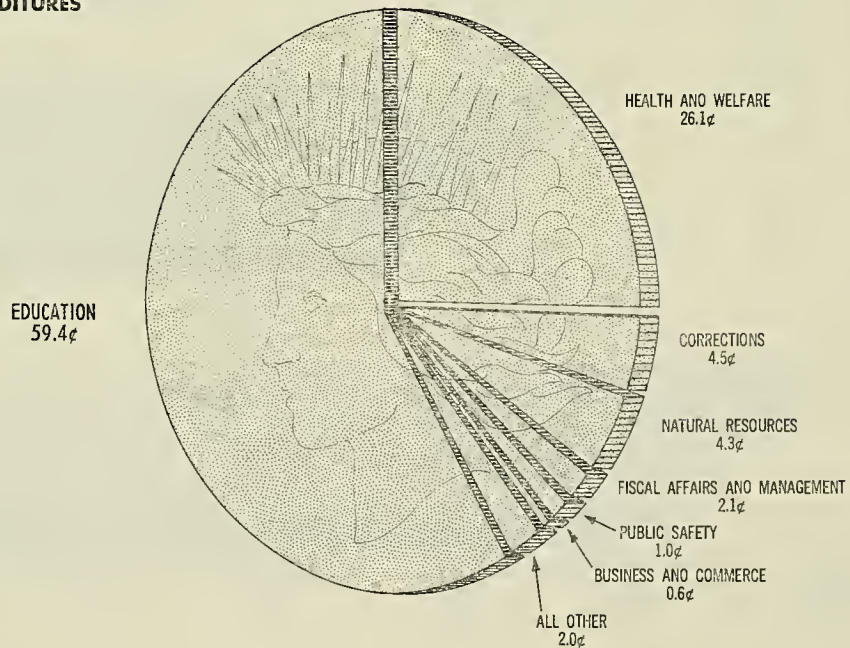
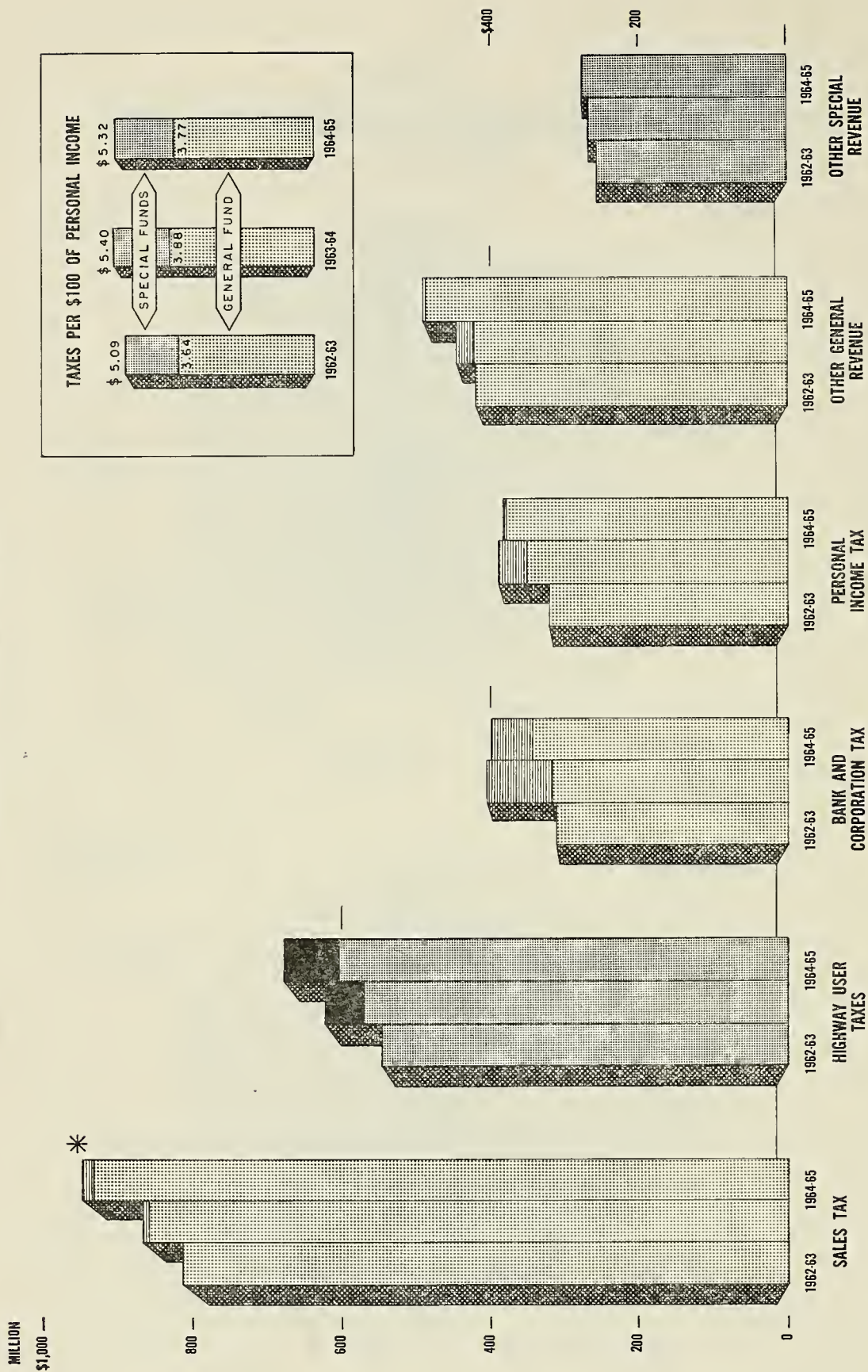


CHART 4

COMPARATIVE REVENUE

1962-63, 1963-64, 1964-65



* Effect of 1963 legislation.

Revenue Estimates

State revenue during the 1964-65 fiscal year is expected to total \$3,129,916,586 according to the forecasts presented in this budget. This represents an increase of \$134,033,849 in total revenue over the receipts for the current period and is \$461,999,199 more than actual collections for 1962-63. A major part of the revenue gain results from the tax adjustment program and other changes enacted during the last general and extraordinary legislative sessions.

Receipts for the budget year and the revised estimates for the current year reflect an assumed high level of economic activity and no major international crisis. Enactment of the long awaited federal tax reduction program has also been built into these projections, with changes in withholding schedules assumed to be effective March 1964.

Under these assumptions, the economy should produce a gross national output of \$617.5 billion during the year, aggregate personal income of \$487.5 billion and corporate profits before taxes of \$53.5 billion. For California the essential factors are: personal income of \$55.6 billion compared with \$52.4 billion in 1963, and corporate profits of \$5.4 billion—4 percent over the \$5.2 billion level last year.

In accordance with the Governor's recommendations, these revenue estimates include two proposed changes in the California tax structure. The first, affecting the personal income tax will allow taxpayers a standard deduction of \$500 if single, or \$1,000 if married or the head of a household, regardless of the amount of income. This will eliminate a current inequity in the optional tax table and provide nominal tax relief for those in the low income brackets. For most taxpayers, this proposal is more liberal than the minimum standard deduction now being considered by the Congress. It is estimated that this provision will reduce revenue for 1964-65 by \$2,750,000. The second change relates to the insurance premiums tax and will limit the amount of real property taxes claimed as a principal office deduction to that space occupied by the insurer. This will close an important loophole in the insurance tax. It will increase General Fund revenue by \$2,500,000 in 1964-65.

General Fund receipts of \$2,177,524,000 † will be \$68,002,000 higher than revenue indicated for the current fiscal year. The 1963-64 total, however, includes \$156.2 million attributable to 1963 legislation, while total receipts indicated for 1964-65 include \$75.5 million of tax adjustment receipts and minus \$250,000 as the net effect of proposed legislation. Without these adjustments, General Fund receipts are expected to show a \$149 million gain between the two fiscal years attributable to growth, the stimulative effect of federal tax reduction and improved economic climate in this State.

The sales tax will provide \$947 million followed in order of size by bank and corporation tax receipts of

\$399,100,000 and \$382,500,000 in personal income tax revenue. Following these three major revenue sources are such levies as the inheritance and gift tax, \$95.8 million; insurance gross premiums tax of \$93.0 million; cigarette tax, \$73.2 million; the alcoholic beverage taxes and fees, \$67.3 million; and the receipts from parimutuel wagering on horse racing—\$36.1 million.

Receipts for the special funds are estimated at \$952,392,000 for 1964-65, an increase of \$66,032,000 over anticipated collections in the current year. Again legislative changes distort the comparison between the fiscal years. The budget year and the current year include \$75.3 million and \$49.6 million, respectively, in new revenue.

Special fund receipts are dedicated for special purposes. For the most part they represent taxes and fees collected from the ownership or operation of motor vehicles. Of all the special fund receipts, fuel taxes total \$491.2 million, registration, weight and vehicle license fees account for \$335.8 million, other vehicle associated levies add \$16.0 million, and nonvehicle taxes and licenses and miscellaneous collections provide the remainder—\$109.5 million.

Comparative data for General Fund and special fund levies for the past fiscal year, current period and budget year are shown on the table below.

Table 1
COMPARATIVE REVENUES
(In millions)

<i>Taxes, fees, etc.</i>	<i>1962-63 actual</i>	<i>1963-64 esti- mated</i>	<i>1964-65 esti- mated</i>	<i>% of total 1964-65</i>
General Fund:				
Sales and use	\$813.5	\$866.5	\$947.0	30.3
Bank and corporation	311.3	405.8	399.1	12.8
Personal income	322.0	389.5	382.5	12.2
Inheritance and gift	92.4	91.7	95.8	3.1
Insurance	78.0	104.5	93.0	3.0
Cigarette	70.2	72.2	73.2	2.3
Alcoholic beverage *	62.2	64.1	67.3	2.2
Horse racing †	33.6	34.0	36.1	1.2
Other sources	82.9	81.3	83.6	2.7
Totals, General Fund	\$1,866.0	\$2,109.5	\$2,177.5	69.6
Special Funds:				
Motor vehicle				
Fuels	386.2	444.9	491.2	15.7
Registration, weight, etc.	151.4	161.1	170.3	5.4
License (in lieu tax) ‡	145.9	156.2	165.5	5.3
Transportation	9.1	15.2	16.0	0.5
Liquor license	10.6	10.8	11.0	0.4
Horse racing	8.1	8.9	9.3	0.3
Other sources	90.7	89.2	89.2	2.8
Total, Special Funds	\$801.9	\$886.4	\$952.4	30.4
Grand Totals, Revenue	\$2,667.9	\$2,995.9	\$3,129.9	100.0

* Excluding special fund share of liquor license fees.

† Excluding special fund share of horse racing tax.

‡ Excludes General Fund share of vehicle license fee which is included in other General Fund sources.

As indicated earlier, data for many of the taxes in the current and 1964-65 fiscal years are not comparable because of the legislative changes in 1963. Some of the tax adjustments produce major amounts of revenue for a single year, others, a gain spread over several years while still others produce a continuous

† This and all subsequent dollar amounts are rounded to the nearest thousand. Percentage changes have been computed from unrounded data.

flow of new revenue. The following table indicates the major revenue changes attributable to 1963 legislation and the effect in 1963-64 and 1964-65.

Table 2
MAJOR REVENUE CHANGES ATTRIBUTABLE
TO 1963 LEGISLATION
(In millions)

	1963-64	1964-65
General Fund		
Bank and corporation tax -----	\$88.4	\$56.8
Personal income tax -----	38.2	2.2
Insurance tax -----	22.0	2.5
Sales tax -----	7.1	13.8
Other -----	0.5	0.2
Total -----	\$156.2	\$75.5
Special Funds		
Motor vehicle fuel taxes -----	42.2	66.4
Motor vehicle weight fees -----	7.4	8.9
Total -----	\$49.6	\$75.3
Grand Total -----	\$205.8	\$150.8

Beginning with returns filed on 1963 incomes, installment payments will no longer be permitted for either corporation or personal income taxpayers. The installment privilege for banks, however, will be eliminated in two steps, affecting revenues in 1963-64 and 1964-65. In addition, partial prepayment of bank and corporation taxes will be required on an estimated basis beginning in June 1965.

The transition to quarterly payments of the insurance tax will start in 1964 with the tax on first quarter premiums due in June. The change over to full quarterly payments will be spread over a four-year period and during this time tax rates will be reduced to compensate for possible retaliatory action of other states. Receipts from the surplus line brokers tax, formerly revenue for the Insurance Fund, became General Fund revenue last September.

Several bills were passed affecting sales and use tax revenues. The principal changes were the extension of the levy to (1) meals sold for off-premise consumption, (2) meals served by employer and employee organizations and (3) occasional sales of motor vehicles. There were two relatively minor sales tax exemptions—insulin, and fuel oil sold to tramp steamers for use outside the limits of this State.

A major change was also made in highway user revenues. Gasoline and liquid petroleum gas taxes were increased and weight fees on commercial vehicles were raised to provide additional funds for city streets and county roads. Although the increases were designed to afford additional revenue for local jurisdictions, the receipts will flow through the State financial structure and the amounts are included in the fuel tax and registration fee estimates shown below. Another feature of the measure allows an increase in motor vehicle license fees for rapid transit systems. Imposition of the higher fees depends upon local action and receipts will be treated as local revenue collected by the State under contract with local jurisdictions.

Revised Estimates

Revenue data for the current year as shown in this budget differ in total and in detail for most of the taxes from the estimates submitted in the Governor's Budget last year. The latter included \$139 million for

tax proposals to bring collections current with State obligations. Only minor changes affecting revenue for 1963-64 were made in the legislative process and, as enacted, these proposals totaled \$140.7 million. There were, however, other measures passed which had substantial effect on General Fund and special fund revenues.

As originally submitted, revenues for 1963-64 totaled \$2,883,738,000, \$2,079,711,000 for the General Fund and \$804,027,000 for the special funds. If these amounts are adjusted for legislation, total revenues become \$2,942,668,000, General Fund receipts rise to \$2,083,007,000 and special fund income increases to \$859,661,000. On this basis, the revised General Fund total presented in this budget exceeds comparable original estimates by \$26.5 million, or 1.3 percent. The revised special fund aggregate is \$26.7 million (3.1 percent) above the original estimate as adjusted.

The original budget estimates assumed a reduction in federal income tax levies about mid-1963, retroactive to January 1 of last year. Although passage of the tax cut has been delayed, gross national product and income exceeded most expectations. There is some indication that the high level of activity included an anticipatory effect of the tax reduction.

Stimulus to the economy last year came largely from three sources: record sales of motor vehicles; a sharp rise in business investment and residential building; and exceptionally good corporate profits. The General Fund taxes associated with these factors reflect these higher levels and account for \$37.0 million of increased revenue for 1963-64. The major gain is shown in bank and corporation taxes, up \$19.3 million from the adjusted estimate. Sales tax receipts show a gain of \$12.4 million and personal income tax receipts an increase of \$5.3 million. In contrast to these increases inheritance and gift tax receipts were overestimated by \$8.5 million, largely the result of extending the high collections of the early part of 1962-63.

The motor vehicle levies—fuel, license and registration—in the aggregate were \$12.2 million higher, again reflecting the effect of the record motor vehicle sales. The other major increase in special fund receipts occurs in oil and mineral royalties for the California Water Fund which are \$15 million higher than anticipated.

General Fund revenue for 1963-64 in this budget is \$243.5 million greater than actual receipts for 1962-63. As pointed out earlier \$156.2 million is attributable to 1963 legislation and \$87.3 million to basic yields for the current year. A number of factors account for the apparently low gain over the preceding year. These include the fact that a major part of the 1962-63 tax was generated by (1) the cyclical recovery from the 1960-61 recession; (2) a substantial increase in motor vehicle sales and building activity; (3) abnormally large inheritance tax receipts and (4) one large corporation tax settlement covering several years. The current year, on the other hand, has witnessed large tax refunds, substantial adjustments in the corporation tax base, a decline in the taxable earnings of financial corporations subject to the bank tax, and an apparent slight drop in inheritance tax collections.

A summary of the original forecasts for 1963-64 as adjusted for legislation and the estimates shown in this budget is given in the table below.

Table 3
COMPARISON OF ORIGINAL AND REVISED
ESTIMATES OF STATE REVENUE, 1963-64
(In millions)

<i>Taxes, fees, etc.</i>	<i>Original *</i>	<i>Revised</i>	<i>Changes</i>	
			<i>Amount</i>	<i>Percent</i>
Alcohol beverages -----	\$75.5	\$74.9	—\$0.6	—0.8
Bank and corporation -----	386.4	405.8	+19.3	+5.0
Cigarette -----	73.2	72.2	—1.1	—1.5
Horse racing -----	42.1	43.0	+0.9	+2.1
Inheritance and gift -----	100.2	91.7	—8.5	—8.5
Insurance -----	103.2	104.5	+1.2	+1.2
Motor vehicle -----				
Fuels -----	439.7	444.9	+5.2	+1.2
License (in lieu) -----	152.0	157.3	+5.3	+3.5
Registration, weight -----	159.4	161.1	+1.7	+1.1
Transportation -----	15.0	15.2	+0.2	+1.3
Personal income -----	384.2	389.5	+5.3	+1.4
Private car -----	2.0	1.8	—0.1	—5.5
Sales and use -----	854.1	866.5	+12.4	+1.5
Total Taxes -----	\$2,787.1	\$2,828.3	+\$41.2	+1.5
Other revenue -----	155.6	167.6	+12.0	+7.7
Total Revenue -----	\$2,942.7	\$2,995.9	+\$53.2	+1.8
General Fund -----	2,083.0	2,109.5	+26.5	+1.3
Special funds -----	859.7	886.4	+26.7	+3.1

* Original estimate corrected for changes between proposed tax adjustment program and tax adjustments as enacted.

Economic Conditions

The foregoing estimates of revenue are predicated upon continued growth in economic activity for the Nation in 1964 and 1965. Part of this anticipated improvement rests upon enactment of the federal tax reduction program early in 1964, retroactive to January 1. It has been assumed that withholding schedules will be cut to 14 percent as of March 1. This should have a stimulative effect on the Nation's economy increasing output in the first year by about 1½ times the value of the tax reduction. In 1965 the effect will be greater and will include the second step of the tax reduction program.

The projected growth in economic activity presupposes neither major international crises nor a marked easing of world tensions leading to widespread disarmament, although some relaxation may accompany the nuclear test ban. The rapid rise in defense and aerospace expenditures characteristic of recent years is expected to diminish in 1964 and defense expenditures may actually level off by 1965.

The forces influencing the national picture will also affect California although the declining growth rate in defense and space industries should have greater repercussions on this State's economic outlook. The relatively greater population growth here should continue to hold California's income gains above the Nation's, but the margin of difference is not expected to be as great as in recent years.

Gross national production this year is estimated at \$617.5 billion, \$33.3 billion higher than in 1963. Personal income in the Nation is expected to reach \$487.5 billion, compared with \$463 billion in 1963. Income of California residents will rise to \$55.6 billion from an estimated \$52.4 billion last year.

Components of gross national product together with estimates of personal income, corporate profits

and other major economic factors for the Nation and for California are summarized in Table 4.

Table 4
ECONOMIC DATA
(Dollar amounts in billions)

	1962 actual	1963 preliminary	1964 estimated	Percent changed 1963-64
<i>National data:</i>				
Gross national product -----	\$554.9	\$585.0	\$617.5	5.6
Consumer expenditures -----	355.4	373.5	394.5	5.6
Durable goods -----	48.2	51.5	52.5	1.9
Nondurables -----	161.4	167.5	178.0	6.3
Services -----	145.7	154.5	164.0	6.1
Private investment -----	78.8	82.0	86.5	5.5
New construction -----	44.4	46.5	48.5	4.3
Residential -----	23.2	24.9	25.5	2.4
Other -----	21.2	21.6	23.0	6.5
Producers' equipment -----	28.8	31.0	33.5	8.1
Change in inventories -----	5.5	4.5	4.5	—
Net exports -----	3.8	4.3	4.5	4.7
Government purchases of				
goods and services -----	117.0	125.2	132.0	5.4
Federal -----	62.4	66.6	69.0	3.6
State and local -----	54.6	58.6	63.0	7.5
Personal income -----	442.1	463.0	487.5	5.3
Personal taxes -----	57.7	60.4	60.5 ^a	0.2
Federal -----	49.0	50.8	49.5 ^a	—2.6
State and local -----	8.7	9.6	11.0 ^a	14.6
Disposable income -----	384.4	402.6	427.0 ^a	6.1
Corporate profits -----	46.8	51.0	53.5	4.9
Consumers' price index -----	105.4	106.5	108.0	1.4
<i>California data:</i>				
Personal income -----	\$49.2	\$52.4	\$55.6	6.1
Personal taxes -----	6.2	6.5	6.3 ^a	—2.0
Disposable income ^b -----	43.0	45.9	49.3	7.3
Spendable resources ^c -----	39.9	43.2	46.1	6.6
Taxable sales -----	26.0	27.9	29.8	6.5
Corporate profits -----	4.8	5.2	5.4	3.9
Population July 1				
(millions) -----	17.0	17.7	18.3	3.4
Civilian employment				
(millions) -----	6.3	6.4	6.6	3.0
Consumers' price index ^d -----	107.1	108.6	110.1	1.4

^a Includes effect of federal tax cut assumed effective March 1964.

^b Disposable income of California residents represents personal income less federal and state personal income taxes. Other personal tax and nontax payments have not been deducted.

^c Spendable resources of California residents represent disposable income adjusted for estimated changes in short-term consumer credit and in liquid asset holdings of individuals—e.g., money, bank accounts, savings bonds. Amounts are estimated by the California Department of Finance for use in connection with the analysis and projection of sales tax revenue.

^d Index for California as computed by the California Department of Industrial Relations, Division of Labor Statistics and Research.

SOURCE: National data for 1962 from reports of the Office of Business Economics, U.S. Department of Commerce; preliminary figures for 1963 based on Department of Commerce reports for the first three quarters with fourth quarter estimated by the California Department of Finance; estimates of national data for 1964, estimates of California's population, personal income, personal taxes, disposable income, etc., are based upon studies by the Financial and Population Research Section, Budget Division, California Department of Finance.

Gross National Product

The consumer is expected to play the dominant role in the economic growth of the current year. Two-thirds of the increase in gross national product will occur in consumer expenditures, principally for non-durable goods and services. These higher rates of consumption are a direct corollary of the increase in disposable income following the tax cut and the higher levels of income generated by the growth in economic activity.

The automobile industry posted its best sales record last year and the second-best production record with 7,644,000 units. With two good years just completed, it is unlikely that a new record will be established this year. However, replacement needs, coupled with high levels of income, should produce a good market, and car sales in 1964 have been estimated at 7.0 million units on this basis, about the volume reported in 1962.

Notwithstanding the decline in automobile output, consumers' purchases of durable goods should show further growth in the current year. The dollar volume of automobile sales, allowing for more accessories, will not decline as much as the number of units. Other durable goods—appliances and house furnishings—should increase with higher disposable incomes and the record levels of residential building in 1963 and 1964. In total, consumers are expected to spend \$394.5 billion, \$21.0 billion more than last year.

Business investment in plant and equipment promises to provide another significant portion of the economic growth forecast for the year. Increased profits, record cash flow, ample loan funds and a greater use of capacity all point toward an increase in business investment. With greater consumer demand, the need for more or improved facilities will become manifest, particularly as many industries are now at or near profitable capacity operations.

Nationally, private housing starts in 1964 will be about 1,475,000 units, slightly below the level in 1963. More of the construction is expected in single family units, which will increase costs per unit and produce a slightly higher dollar volume of outlays. The remaining segment of gross private domestic investment—inventory accumulation—should hold at about the 1963 level. Recent years have shown a declining inventory-sales ratio as a result of better inventory control, delivery speed-up, better distribution of supplies and faster communication. The trend should continue, but with a six percent projected growth in sales, total inventories should rise during the year.

Gross private domestic investment is expected to total \$86.5 billion in 1964. This represents an increase of \$4.5 billion for the year, made up of a \$0.6 billion gain in residential housing and \$3.9 billion in greater outlays for plant and equipment.

Since 1960, federal expenditures for goods and services have been one of the major elements of strength in the economy. Only a moderate increase is expected for the current year—\$2.4 billion, about half the gain of 1963. As indicated above, the rate of increase in space and defense expenditures is leveling off and the latter may actually decline by 1965. State and local outlays are expected to continue the strong upward trend that has characterized the postwar period. Expenditures for all governmental purchases of goods and services are estimated to aggregate \$132 billion, 5.4 percent above last year.

Personal Income

The increased demand for goods and services should create employment opportunities. These projections, therefore, contemplate civilian employment of more than 70 million for the current year and aggregate payrolls of \$332 billion, including military. At this level, wage and salary receipts will be \$19.6 billion, or 6.3 percent, above last year.

Improvement is also expected in business and professional income, property income (dividends, interest and rents) and in transfer payments. Aggregate personal income has been forecast at \$487.5 billion. Disposable income is estimated at \$427 billion, including the effect of the federal tax cut, or 6.1 percent above the 1963 level. With an estimated \$394.5 billion de-

ducted for personal consumption expenditures, savings for the year will amount to \$32.5 billion, 7.6 percent of disposable income—a new record in the dollar total, but below the rates established in the early 1950's and in 1956.

Corporate profits have also been forecast to set a new record at \$53.5 billion, 4.9 percent greater than the exceptionally high level of \$51 billion apparent for last year.

California Situation

California population is expected to total 18,272,000 on July 1, 1964, up 3.4 percent from 1963. This growth, slightly lower than gains in previous years, anticipates 600,000 new Californians, divided 60-40 between net migration and natural increase. The lower growth rate for this year is attributable to both an apparent decline in natural increase and to a drop in migration as leveling of defense business in this State somewhat reduces employment opportunities.

It is anticipated that employment in 1964 will total 6,635,000, up 194,000 from last year's total. This will not fully absorb the expansion in the labor force and consequently unemployment will rise to an estimated 425,000 persons, 6.0 percent of the labor force. With the exception of agriculture and mining, a gain in employment is projected for all major industrial groups this year. The largest numerical gains are expected in service, government and trade. Manufacturing employment is expected to show only a moderate improvement.

California's share of prime contracts awarded by the Defense Department has slipped from 26 percent in 1961 to 23 percent last year. The closing out of the Skybolt system contract was the major loss in California.

The volume of new nonfarm dwelling units in this State is expected to decline from the record established last year. Most of the decrease will be in Southern California multi-unit structures. Because of the greater emphasis on single family units, however, the total dollar value of residential construction is not likely to drop significantly. The considerations which affect non-residential construction in the Nation are applicable to California and this type of activity should show a 4 percent gain over last year.

Personal income of California residents is forecast at a record breaking \$55.6 billion, an increase of \$3.2 billion over the total for 1963. At this level, California will show a continuation of the rise which has carried this State's share of the Nation's personal income to new heights each year. On the basis of factors indicated earlier, however, the gain will not be as great this year as in the past. California will account for 11.4 percent of the Nation's income, compared with 11.31 percent in 1963 and 11.13 in 1962.

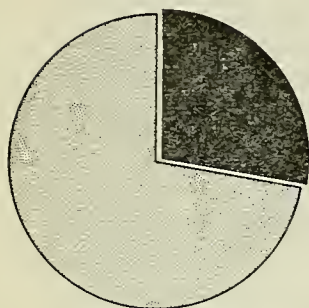
Corporate profits during 1964 are estimated at \$5.4 billion, up 3.9 percent over last year. The gain in corporate earnings in 1963 was not as large as that experienced nationally nor is the gain for the current year likely to be as great. Some of the industries showing high profits are not as important in California's corporate structure, and the slowing of defense and aerospace industries has tended to depress profits in this sector.

Additional details on these and other basic national and State economic factors used in preparing the budget revenue forecasts are given in Table 4.

GENERAL FUND REVENUE

More than seven-tenths of aggregate State revenue will accrue to the General Fund. This includes collections from such levies as those on sales of tangible personal property, personal income, corporate profits, and insurance premiums. For the most part these taxes are geared directly to business conditions. Hence, the estimate of revenue from each source flows directly from the economic assumptions explained above. The influence of these economic factors upon the various taxes and the methods used in preparing the budget revenue estimates are outlined below.

Sales Tax—\$947,000,000



30.3% OF TOTAL BUDGET

Since economic activity during 1963 was at a higher level than had been anticipated in this report a year ago, the taxable sales for 1963, likewise, exceeded the earlier expectations. Sales in all major categories of goods were above the anticipated levels, with the largest differences occurring in motor vehicles, consumer durables, and building materials.

Taxable sales are expected to show further gains during 1964 and 1965, reflecting higher personal incomes, growing population, favorable business conditions and the twofold effect of the proposed federal tax reduction: the immediate increase in disposable income and spending resulting from lower withholding rates, and the subsequent impact on the economy. Total taxable sales in 1964 are estimated to be \$29.75 billion and at that level will exceed the apparent 1963 volume by 6.5 percent. The estimate for 1965 is \$31.75 billion, up 6.7 percent from the anticipated 1964 level.*

As in the preceding years, the estimates of taxable sales have been prepared by two independent methods. One is based on detailed analyses of sales in more than 40 types of businesses. Using analyses of per capita consumption, aggregate sales of \$15.94 billion are expected during 1964 and \$16.95 billion during 1965 for consumer nondurables, consumer durables, and automobile supplies, compared to apparent sales of \$15.08 billion during 1963 for the same categories. Because sales of motor vehicles, building materials and producers' equipment are exceptionally volatile and do not show as pronounced per capita trends as most of the consumer goods, sales for these groups have been estimated separately.

Motor vehicle sales during 1964 are expected to decline numerically from the record level reached in the past year. However, it is expected that higher priced models, coupled with more accessories, will hold the dollar volume at about 7 percent below the

1963 level, resulting in sales of approximately \$4.1 billion in 1964, compared with \$4.4 billion last year.

Sales of building materials should reflect the high level of housing units started during the latter part of 1963, continued high volume of housing construction in 1964, and increased nonresidential construction. This group is estimated at \$3.3 billion for 1964, about 4 percent above the record level reached in 1963, and should show additional gains during the following year, perhaps reaching \$3.5 billion.

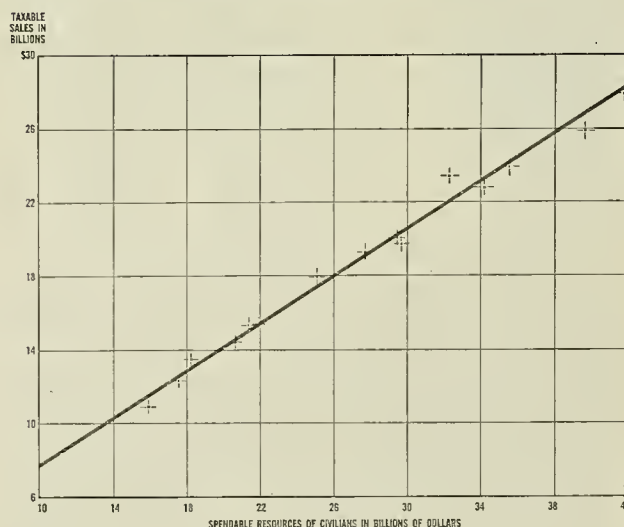
Sales of producers' equipment, too, are expected to show sizeable increases during the year. The total for this year has been estimated at \$5.67 billion, up almost 8 percent. Further increases during 1965 are expected to bring the level in that year to \$6 billion.

The second method of estimating sales tax involves the correlation of taxable sales with projected spendable resources. The spendable resources of Californians are derived from disposable personal income, adjusted for estimated changes in consumer credit and liquid assets—primarily cash balances at various banking institutions. The relationship between taxable sales and spendable resources has been quite stable over a period of years, as the accompanying chart indicates. Although there is no reason to believe that this relationship has changed, the difficulties in estimating changes in savings have increased during the last few years because of the high and unpredictable volume of out-of-state funds deposited in California's savings institutions. Since savings data are not segregated by residence of depositors, changes in out-of-state deposits affect the estimate of spendable resources.

The estimates of taxable sales as obtained by reconciling the figures from the two approaches are shown in Table 5, together with the corresponding data for 1963.

Taxable transactions were allocated by quarters on the basis of seasonal patterns, with allowances for

Chart 5
CORRELATION BETWEEN TAXABLE SALES AND
SPENDABLE RESOURCES OF CIVILIANS
1949-63



* With respect to 1965, only the first quarter taxable sales and those of vendors reporting monthly during the second quarter will influence State revenues of the 1964-65 fiscal year.

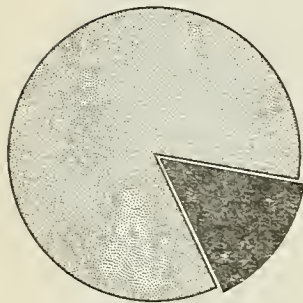
changes in the dates of Easter and other factors affecting fiscal year collections.

After audit adjustments, the sales tax is estimated to yield \$947,000,000 for 1964-65 and \$866,500,000 for 1963-64, compared to actual receipts of \$813,465,000 for 1962-63.

Table 5
TAXABLE TRANSACTIONS IN CALIFORNIA
(In millions)

	1963	1964	Percent change over 63	1965	Percent change over 64
Consumer non-durables	\$11,590	\$12,284	+6.0	\$13,065	+6.4
Consumer durables, excluding autos	2,326	2,420	+4.0	2,565	+6.0
Motor vehicle sales	4,405	4,100	-6.9	4,360	+6.3
Motor vehicle supplies	1,167	1,231	+5.5	1,310	+6.4
Building materials	3,177	3,300	+3.9	3,500	+6.1
Producers' equipment and supplies	5,260	5,665	+7.7	6,030	+6.4
Unallocated	-	750	-	920	-
Totals	\$27,925	\$29,750	+6.5	\$31,750	+6.7

Bank and Corporation Tax—\$399,100,000



12.8% OF TOTAL BUDGET

Corporate profits attributable to California operations in 1963 and 1964 will determine largely the receipts from this source during the periods covered by this budget. The estimate of 1963 earnings was based upon the results of a carefully selected sample of over 900 corporations in 62 industry classes. According to the data obtained from this survey, California corporate income approached \$5.2 billion, exceeding the previous high set in 1962. Earnings by major industry for 1962 and 1963 are shown in the following table.

Table 6
CORPORATE PROFITS BY MAJOR INDUSTRY,
CALIFORNIA, 1962 and 1963
(In thousands)

	1962	1963	Percent change
Agriculture	\$45,790	\$53,600	+17.1
Mining and oil production	195,200	277,000	+41.9
Construction	133,700	122,400	-8.5
Manufacturing	1,819,110	1,950,100	+7.2
Trade	660,450	710,000	+7.5
Financials subject to bank tax	555,038	585,500	+5.5
Real estate and other financials	329,692	374,600	+13.6
Utilities	821,500	845,500	+2.9
Services	261,120	275,300	+5.4
Miscellaneous	1,935	2,000	+3.4
Totals	\$4,823,535	\$5,196,000	+7.7

The 7.7 percent increase compares with a 9 percent gain for the nation. Corporate profits in California generally do not fluctuate in either direction as much as they do in the nation because of differences in industrial makeup. Usually it is the manufacturing group that accounts for much of the year-to-year variation in profit levels, and manufacturing comprises a somewhat smaller part of the corporate structure in California than in the nation as a whole. In addition, earnings of the aerospace industry—aircraft, missiles, and electronics—declined in 1963 and contributed to

holding down the gain in manufacturing profits in this State. The following table compares the composition of corporate profits for both the United States and California.

Table 7
INDUSTRIAL DISTRIBUTION OF CORPORATE
PROFITS
UNITED STATES AND CALIFORNIA
(In percent)

	United States	California
Agriculture	0.1	1.0
Mining and oil production	1.8	4.1
Construction	1.0	2.8
Manufacturing	55.1	37.7
Trade	11.2	13.7
Finance, real estate, etc.	12.4	18.3
Utilities	17.1	17.0
Services	1.3	5.4
	100.0	100.0

California corporate profits for 1964 are forecast at \$5.4 billion, almost 4 percent above the 1963 level. This follows the earnings trend for corporate profits in the national economic outlook for 1964.

The bank and corporation tax was amended in 1963 in the following important respects:

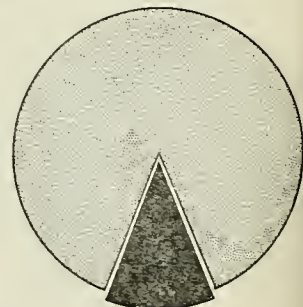
1. Installment payment privileges were eliminated for general corporations effective January 1, 1964.
2. Installment privileges for payment of the bank tax by banks and other financial institutions, were eliminated in two stages, half in 1964 and half in 1965.
3. Provisions were made for the payment of estimated tax on current business profits beginning June 15, 1965.

Receipts during the current year will be increased by \$88.4 million due to the elimination of the installment privilege for general companies and the provision requiring one-half of the additional tax on banks and other financial institutions to be paid nine months earlier. Payment of the entire bank tax coupled with first receipts of the estimated current tax next year will result in an additional \$57 million during 1964-65. The estimate for 1963-64 was reduced by \$5,500,000 as a result of a California Supreme Court decision requiring payment of refunds to certain oil companies.

On this basis, revenue from the bank and corporation tax for 1964-65 is estimated to total \$399,100,000 down from the \$405,750,000 anticipated in the current year. Actual collections during 1962-63 totaled \$311,351,000.

Personal Income Tax—\$382,500,000

Personal income of California residents, the basis of the revenue collected under the personal income tax, reached a record \$52.4 billion in 1963 and is expected to climb to \$55.6 billion this year. Details of these totals together with comparable amounts for 1962 are shown in the following table.



12.2% OF TOTAL BUDGET

Table 8
CALIFORNIA PERSONAL INCOME
(In millions)

Source	1962	1963	1964
Wages and salaries	\$33,186	\$35,427	\$37,550
Proprietors' income	5,335	5,544	5,750
Property income	6,784	7,338	7,900
Other income	5,177	5,595	6,020
Less: Social insurance contributions	1,296	1,523	1,620
Totals	\$49,187	\$52,381	\$55,600

SOURCE: U.S. Department of Commerce, 1962; California Department of Finance, 1963 and 1964.

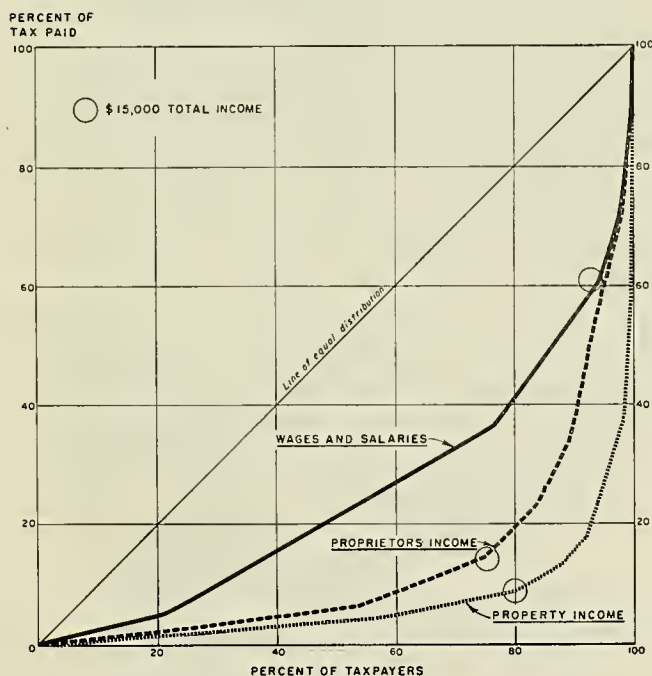
Taxes paid on wage and salary income, proprietors' income and property income (interest, dividends and rent) accounted for approximately 89 percent of the self-assessed tax in 1962. Capital gains and miscellaneous income, such as annuity and alimony payments, which are not included in the Department of Commerce definition of personal income, made up the remainder.

The concentration of income into the various tax brackets varies according to income source. Generally, wage and salary income accumulates in the lower brackets, proprietors' income in the middle ranges and property income in the higher brackets.

The following chart illustrates these differences in income distribution. The farther the curve is from the line of equal distribution the more concentrated is the income in the higher tax brackets. Thus, 6 percent of the taxpayers with wage and salary income exceeding \$15,000 paid 39 percent of the tax attributable to wages and salaries, and 20 percent of the taxpayers with property incomes over \$15,000 paid over 91 percent of the tax attributable to property income. In fact, one-half of 1 percent of these taxpayers accounted for 42 percent of the tax attributable to property income.

Chart 6

PERCENT OF TAX PAID BY TYPE OF TAXPAYER



The following table illustrates the relative importance of personal income and self-assessed tax for 1962 by components of personal income.

	Personal income (percent)	Tax assessment (percent)
Wages and salaries	67.5	58.0
Proprietors' income	10.8	16.9
Property income		
Interest	7.2	3.5
Dividends	3.5	8.1
Rents	3.1	2.2
Other income	7.9	2.0
Capital gains	--	9.3
Totals	100.0	100.0

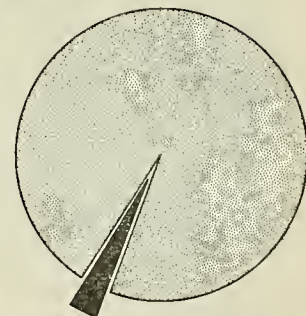
Two bills amending the personal income tax with significant fiscal implications were enacted during 1963. The more important, in terms of revenue, eliminated the privilege of paying the income tax in three installments beginning with the tax due this year. It is estimated that this will result in an additional \$38 million during 1963-64. The second bill conformed the California law to some of the amendments of the Internal Revenue Code enacted by the Congress in 1962. The net effect of this legislation is expected to result in additional revenue of \$200,000 annually.

The revenue estimate for 1964-65 also includes the effect of the Governor's recommendation to allow all persons a standard deduction of \$500 if single, or \$1,000 if filing a joint return or as head of household—regardless of the 10 percent income limitation. This has been estimated to reduce revenue collections \$2,750,000 a year.

After adding audit collections of the Franchise Tax Board and converting calendar year collections into fiscal years, revenue from this levy is expected to total \$382,500,000 during 1964-65, compared with \$389,500,000 in 1963-64 and actual receipts of \$322,012,000 in 1962-63.

Inheritance and Gift Taxes—\$95,800,000

Receipts from the inheritance and gift taxes depend primarily upon such variable factors as the number and size of bequests or gifts and the relationship between the decedent or donor and the beneficiary. Exemptions are scaled down with the remoteness of relationship while tax rates rise substantially as the value of the transfer increases and as the relationship recedes.

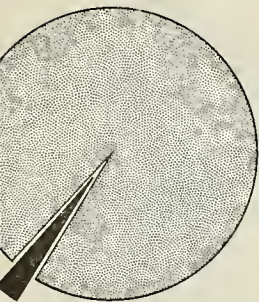


3.1% OF TOTAL BUDGET

Collections generally follow business conditions and growth in property values. Occasionally, however, the settlement of a large estate or a greater number of medium sized estates than are normally received produces a significant increase in receipts during a fiscal year. This was apparently true in 1962-63. Inheritance tax collections for that year were \$86.8 million—\$16.2 million greater than in the preceding year. So far in 1963-64, collections are below a year ago and the estimate for current year reflects this drop. A normal growth pattern is expected to resume for the budget period and collections of \$90,000,000 have been forecast.

The abnormally high gift tax collections in the current year are attributable to a concerted effort by the State Controller to reduce the backlog of returns awaiting audit. A return to a normal growth pattern is assumed for 1964-65. Revenue for the budget period has been forecast at \$5,800,000, compared with \$6,200,000 in 1963-64 and actual receipts of \$5,649,000 in 1962-63.

Insurance Tax—\$93,000,000



3.0% OF TOTAL BUDGET

This tax is imposed on premiums written by insurance companies and is in lieu of all levies except real estate taxes and motor vehicle fees. The base for 1963-64 was estimated from the replies of 72 insurance companies indicating their estimates of the percentage changes in the volume of premiums written on major lines of insurance. The replies indicated a tax base of \$3,940,000,000 for 1963.

In arriving at the net tax base, dividends paid or credited to policyholders were deducted, other business done by title insurers was added, and allowances were made for the special rates on annuities and ocean marine insurance.

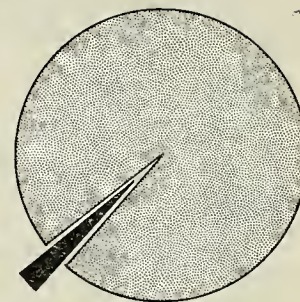
Insurers are now allowed to deduct from their tax liability the entire amount of real property taxes paid on their principal office in California. The Governor is recommending, however, that this deduction be limited to only that space occupied by the insurance company. This will increase revenue for 1964-65 by \$2,500,000.

As a part of the revenue program passed by the 1963 Legislature, revenues from the insurance tax will be placed on a current basis beginning this year. Under the old system, taxes on premiums written in one calendar year were due the following June. The transition to a system of quarterly payments due two and one half months after the close of each calendar quarter will take four years to complete. During this period the tax rate is reduced from 2.35 percent to 2.33 percent to compensate insurers for possible retaliatory action by other states. Under the first phase of this program, insurers will remit to the State in June 1964 a payment for premiums written in the first quarter of that year. Total collections for 1963-64 are estimated at \$104,500,000, of which \$22,000,000 is attributable to this change in the law.

Revenue projections for 1964-65 were based upon the replies of the insurance companies to the questionnaire and upon an analysis of insurance trends in relation to motor vehicle registration, population and income. In addition, revenue from the surplus line brokers tax will be deposited in the General Fund rather than the Insurance Fund. This tax amounts to about \$500,000 a year. Since the due date of this tax has been changed to June 15 starting in 1965, two years' receipts will be received in 1964-65. Total revenue for the insurance tax is estimated at \$93,000,000 for 1964-65.

Alcoholic Beverage Taxes—\$78,300,000

Revenue related to sale and consumption of alcoholic beverages is of two types: (1) excise taxes collected on the sale of distilled spirits, beer, and wine and (2) liquor license fees collected from manufacturers, distributors and retailers engaged in this industry.



2.5% OF TOTAL BUDGET

The estimated consumption of alcoholic beverages is based on an analysis of per capita trends in relation to time and income. After an especially large increase in 1962, per capita consumption of distilled spirits remained stable at 3.1 gallons per adult civilian last year. In projecting taxable consumption this year and next, a resumption of the gradual upward trend of the past decade has been assumed. Beer consumption is expected to increase by about 0.3 of a gallon per person to reach a total of 25 gallons per adult civilian. Purchase of wine is also expected to increase, both in absolute amount and in terms of adult population. Total distribution by type of beverage is shown below.

	(Millions of gallons)			
	1962	1963	1964	1965
Distilled spirits	31.3	32.2	34.1	36.0
Beer	245.3	258.0	270.0	282.0
Wine	35.2	37.2	39.0	40.9

Application of the relevant rates and adjustment to a fiscal year basis results in the following estimates:

	(In thousands)		
	1962-63	1963-64	1964-65
Distilled spirits	\$48,152	\$49,300	\$52,000
Beer	—	10,545	11,083
Sweet wine	10,659 *	331	339
Dry wine		199	214
Sparkling wine		355	364

Total Excise Taxes— \$58,811 \$60,730 \$64,000

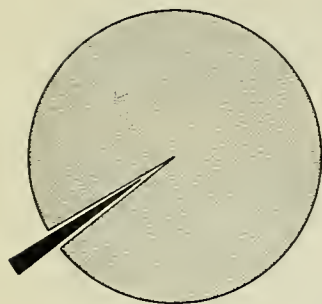
* Cannot be separated due to credits and other adjustments.

Revenue from liquor license fees accrues to both the General Fund and the Alcoholic Beverage Control Fund. General Fund money is composed of application fees for new licenses, service charges, special fees on certain licenses collected for the enforcement of fair trade regulations and 10 percent of all other fees, primarily the annual renewal fees.

The authority for issuance of intercounty transfers at \$3,000 each expired June 1, 1963. Money from this source amounted to nearly \$400,000 in 1962-63. However, the 1963 Legislature authorized special fees of \$24 and \$52 on certain licenses. Revenue from this source is expected to be about \$300,000 in the current and following fiscal years and nearly offsets the decline resulting from elimination of intercounty transfers. License fee receipts for both the General Fund and the Alcoholic Beverage Control Fund are shown in the following table.

	(In thousands)		
	1962-63	1963-64	1964-65
General Fund	\$3,353	\$3,321	\$3,300
Alcoholic Beverage Control Fund	10,585	10,800	11,000
Total Liquor License Fees	\$13,939	\$14,121	\$14,300

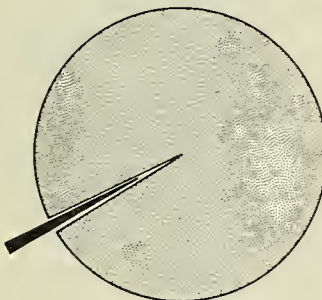
Cigarette Tax—\$73,200,000



2.3% OF TOTAL BUDGET

Cigarette consumption for the current and following years has been estimated on the basis of an analysis of trends since the inception of the tax. A downward adjustment has been made to allow for the effects of the United States Department of Public Health report on smoking and subsequent intensified campaigns to curb cigarette smoking. Per capita purchases are estimated at 138 packages for 1964, a decrease of about 4 packages from last year. Application of the 3-cent-per-package tax rate and the 2 percent distributor's discount to the appropriate fiscal year yields revenue estimates of \$73,200,000 for the budget year, and \$72,150,000 for the current year compared to \$70,194,000 in 1962-63.

Horse Racing Fees—\$45,306,000



1.4% OF TOTAL BUDGET

In general, the trend in parimutuel wagering at California race tracks has paralleled personal income. This basic factor underlies the detailed estimates of parimutuel betting at each of the racing meets to be held in the remainder of the current year and the budget period.

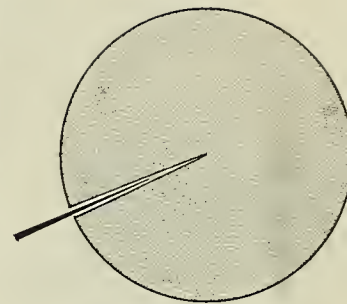
The revenue estimates also reflect variations in total betting due to changes in the number of racing days for

Hollywood Park where the meet overlaps two fiscal years. This track, which had 54 racing days in 1962-63, will have 52 days in 1963-64 and 56 days in 1964-65. The estimates for 1963-64 and 1964-65 also provide for the newly authorized Spring Meet at the California State Fair. No allowance was made for the effect of the strike at Santa Anita, since the loss in wagering may be fully offset by the five added racing days authorized by the Horse Racing Board.

The aggregate handle for all tracks for 1963-64 has been estimated at \$567,946,000 and for 1964-65 at \$595,318,000. The total handle for 1962-63 was \$551,966,000. The table below shows the amount of revenue from horse racing and the disposition of receipts among the various funds. Since excess revenue in the Fair and Exposition Fund is subsequently transferred to the General Fund, final disposition of receipts is shown instead of initial deposits.

	(In thousands)		
	1962-63	1963-64	1964-65
Tax on parimutuel pools	\$35,998	\$37,069	\$39,099
Breakage	5,322	5,547	5,843
Unclaimed wagering tickets	285	295	307
Licenses, fines and penalties	58	56	57
Totals	\$41,663	\$42,967	\$45,306
General Fund	\$33,606	\$34,015	\$36,056
Fair and Exposition Fund	7,307	8,202	8,500
Wildlife Restoration Fund	750	750	750

Private Car Tax—\$1,900,000

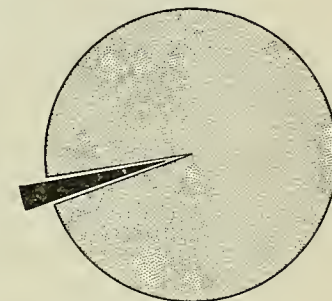


0.1% OF TOTAL BUDGET

Under this levy, railroad cars owned by companies other than railroads are taxed by the State rather than by the various local governments. Assessed valuations are determined by the State Board of Equalization and the average statewide property tax rate during the preceding fiscal year is applied against the assessment roll.

Based upon assessments of \$26,679,000 and on a statewide rate of \$6.92 per \$100, current year collections will total \$1,846,000. Assuming a moderate increase in tax rates but no change in assessed valuation, receipts from this source have been projected to \$1,900,000 for 1964-65. Actual collections during 1962-63 totaled \$1,808,000.

Nontax Receipts—\$80,625,000



2.6% OF TOTAL BUDGET

A substantial volume of revenue accrues to the General Fund from sources other than tax levies. These include bonus payments and royalties on the production of oil and gas from State-owned lands; interest on investments and bank accounts; charges for treatment and services at State hospitals, if the patient has private means or is a county responsibility; charges to counties for support of Youth Authority wards; and such other items as sale of property and penalty payments for traffic violations.

In total, miscellaneous general receipts will amount to \$80,625,000 in the budget year, an increase of \$2,220,000 over the corresponding figure for the current period. The total is made up of four roughly equal categories; pay patients and county board charges at hospitals and correctional schools—\$21.4 million; interest income—\$22.0 million; oil and gas royalties—\$16.9 million; and all other, chiefly traffic penalties, sale of property and charges for certain services in connection with business, incorporations and issuance of stock—\$20.3 million. Principal amounts comprising the total are shown in Schedule 2.

Legislation affecting revenues in this category during the 1963 session transferred the small craft license fees from the General Fund to the Small Craft Harbor Revolving Fund. Because of this transfer, the revenue from those fees—\$260,000—does not appear in the budget totals for 1964-65, but is shown in the fund statement on page 1130.

SPECIAL FUND REVENUE

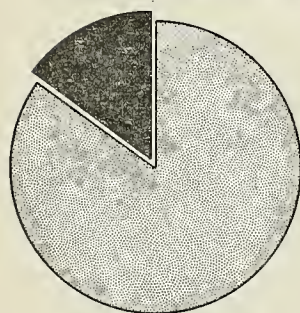
Provisions of the State Constitution, codes and statutes restrict the use of certain revenue for specified purposes, and under California's financial procedure these receipts are separately accounted in

various special funds. In general, they comprise three categories of income: (1) receipts from broad tax levies which are allocated to specific functions; (2) charges for special services to specific groups; and (3) certain rentals, royalties and other receipts earmarked for particular purposes. Motor vehicle taxes and fees illustrate the first of these classes. License fees for the regulation of businesses and professions are typical of the second, while oil and gas royalties assigned in part to water resource development and school support are an example of the third. Interest earned by the investment of special fund money accrues to the fund for which the investments are held.

Motor vehicle taxes and fees account for almost 90 percent of all special fund revenue. Principal sources of this income are the levies upon motor vehicle fuel, registration and weight fees, transportation tax, and the vehicle license fee which is levied in lieu of local taxes on this type of personal property. During the 1964-65 fiscal year \$844,000,000 will be derived from motor vehicle taxes. Approximately \$384 million of this revenue will be returned to local governments, and \$1.0 million will accrue to the General Fund to meet highway bond interest and redemption charges. The remainder will be available for various activities related to state highways and vehicle regulation.

Regulatory fees and charges for special services to industry, business and the professions constitute the second largest source of special fund income. Coupled with hunting and fishing licenses and liquor licenses, receipts from these sources will amount to \$52.6 million in the coming fiscal year. Rents, royalties and other miscellaneous receipts during 1963-64 are estimated to total \$42.7 million.

Motor Vehicle Fuel Taxes—\$491,150,000



15.7% OF TOTAL BUDGET

The forecast of revenue from the gasoline tax is based upon estimates of the number of vehicles in operation and the average fuel consumption per vehicle. Including exempt vehicles, total registrations are expected to reach 10,510,000 by year-end 1964, up 5.7 percent from the previous December 31. The greater use of lightweight vehicles and continuing growth in multi-car families have tended to reduce

the average gasoline consumption per vehicle. This decline is expected to continue at a decreasing rate, dropping to 630 gallons per vehicle in 1964-65 from the 634 gallons consumed during 1962-63.

With vehicle registration of 10,510,000 and average consumption at 630 gallons, total consumption is estimated at 6.62 billion gallons. This volume, at 7 cents per gallon, will result in collections of \$463,500,000 during 1964-65, compared with \$419,100,000 in 1963-64 and actual receipts of \$362,140,000 in 1962-63.

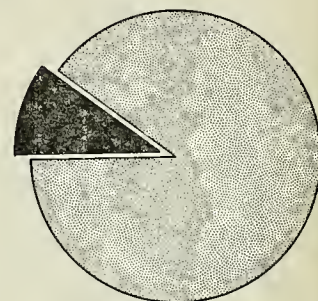
The estimate of revenue for 1963-64 includes \$42.1 million as a result of the Collier-Unruh Local Transportation Development Act. This act, in part, increased the gas tax from 6 cents to 7 cents per gallon effective October 1, 1963. The estimate for 1964-65 includes \$66.2 million in new revenue from this legislation.

Diesel fuel consumption is expected to increase in line with economic activity. However, continued use of piggyback handling of trailers by railroads will offset part of this gain. As a result, consumption of diesel fuel is expected to total 375,000,000 gallons in 1964-65, compared with 351,000,000 gallons in 1963-64 and 339,512,000 gallons in 1962-63.

Including \$125,000 in 1963-64 and \$200,000 in 1964-65 as a result of the one cent increase in the liquid petroleum gas tax as provided in the Collier-Unruh Act, receipts from the diesel tax and the tax on liquid petroleum gas are expected to reach \$27,650,000 in 1964-65, compared with \$25,800,000 in 1963-64 and actual receipts of \$24,075,000 in 1962-63.

Motor Vehicle Fees—\$336,800,000

The bulk of revenue from this source is obtained from registration, weight and vehicle license fees with the remaining revenue from drivers' licenses and others fees incidental to vehicle operation. Sales of new vehicles—autos, trucks, trailers and motorcycles—during 1964 are expected to total 965,000 and an additional 352,000 will be registered by people moving into California. Allowing for scrappage and vehicles leaving the State, total fee-paid vehicle registrations at year-end 1964 are estimated at 10,393,000.



10.8% OF TOTAL BUDGET

Weight fees were increased approximately 19 percent by the Collier-Unruh Act and as a result revenue is expected to increase \$7.4 million during 1963-64 and \$8.9 million in 1964-65. This will be offset, in part, by a decline in the average weight of commercial vehicles due to continued utilization of lightweight materials in truck and trailer construction. Drivers' licenses fees will total approximately \$9.3 million during the current year and \$10.3 million in the budget year.

Total registration and weight fees, drivers' licenses and other charges, which amounted to \$151,364,000 in 1962-63, are estimated at \$161,100,000 in 1963-64 and \$170,300,000 in the budget year.

In addition to the number of vehicles, original market value and age distribution are factors important to the determination of vehicle license fee revenue. The average value of new cars appears to be increasing slightly and further small increases have been

projected for 1964 and 1965. Average renewal fees on automobiles will continue to rise as a result of successive years of high volume new car sales.

Total revenues for motor vehicle fees are shown in the following table:

	(In millions)		
	Actual 1962-63	Estimated 1963-64	Estimated 1964-65
Vehicle license fees-----	\$147.0	\$157.3	\$166.5
Registration and weight fees	137.7	147.7	155.6
Drivers' license fees-----	9.2	9.3	10.3
Other -----	4.4	4.1	4.4
Total-----	\$298.3	\$318.4	\$336.8

Transportation Tax—\$16,000,000

The revenue from this source is obtained from a 1.5 percent tax on the gross receipts from the operation of motor vehicles used in the transportation of persons or property for hire and operating outside of city limits. As gross receipts of common carriers are sensitive to business conditions and population requirements, both of these factors were considered in the preparation of the estimate.

0.5% OF TOTAL BUDGET

Revenue during the budget year is estimated to total \$16,000,000 versus \$15,200,000 for the current year and actual receipts of \$14,106,000 in 1962-63.

Other Special Fund Revenue—\$89,235,000

For most part, nontax revenue accruing to special funds represents regulatory fees self-imposed by businesses and professions, or charges for special services to designated groups. In many instances the distinction between a license fee and a service charge is somewhat vague.

Fees and charges during 1964-65 will amount to approximately \$41,596,000, with fishing and hunting licenses the major item.

Oil and gas royalties earmarked for the California Water Fund and for support of public schools will amount to \$33,405,000. Interest receipts from investments held for the various special funds are estimated at \$7,042,000, while miscellaneous items—chiefly State Fair revenue and penalty charges related to unemployment contributions—will reach \$7,192,000 during the budget year.

2.8% OF TOTAL BUDGET

Table 9
SUMMARY OF STATE POPULATION, INCOME OF CALIFORNIA RESIDENTS, AND STATE TAX COLLECTIONS
Excluding Departmental, Interest and Miscellaneous Revenue

Year	Estimated			Fiscal Year	State Tax Collections			Taxes per Capita			Taxes per \$100 of Personal Income		
	Population July 1st (Thousands)	Personal Income (Millions)	Income per Capita		General Fund (Thousands)	Special Funds (Thousands)	Total (Thousands)	General Fund	Special Funds	Total	General Fund	Special Funds	Total
1940-----	6,950	\$5,839	\$840	1940-41----	\$195,796	\$84,553	\$280,349	\$27.80	\$12.00	\$39.80	\$3.35	\$1.45	\$4.80
1941*-----	7,049	7,145	1,014	1941-42----	238,440	85,768	324,208	33.24	11.96	45.20	3.34	1.20	4.54
1942*-----	7,297	9,374	1,285	1942-43----	274,575	71,906	346,481	36.94	9.67	46.61	2.93	.77	3.70
1943*-----	7,570	12,033	1,590	1943-44----	301,506	72,282	373,788	38.53	9.24	47.77	2.51	.60	3.11
1944*-----	8,083	13,171	1,629	1944-45----	314,237	80,238	394,475	37.84	9.66	47.50	2.39	.61	3.00
1945*-----	8,523	13,513	1,585	1945-46----	355,734	113,392	469,126	37.63	12.00	49.63	2.33	.75	3.08
1946-----	9,559	16,084	1,683	1946-47----	432,859	137,751	570,610	44.64	14.21	58.85	2.69	.86	3.55
1947-----	9,832	16,637	1,692	1947-48----	457,297	228,708	686,005	45.97	22.99	68.96	2.75	1.37	4.12
1948-----	10,064	17,610	1,750	1948-49----	485,368	249,344	734,712	47.58	24.44	72.02	2.76	1.41	4.17
1949-----	10,337	17,835	1,725	1949-50----	524,428	268,177	792,605	49.99	25.57	75.56	2.94	1.50	4.44
1950-----	10,643	19,627	1,844	1950-51----	647,992	295,542	943,534	59.52	27.15	86.67	3.30	1.51	4.81
1951-----	11,130	22,726	2,042	1951-52----	709,245	322,699	1,031,944	62.30	28.35	90.65	3.12	1.42	4.54
1952-----	11,638	25,089	2,156	1952-53----	754,048	346,480	1,100,528	63.53	29.19	92.72	3.01	1.38	4.39
1953-----	12,101	26,642	2,202	1953-54----	772,250	442,538	1,214,788	62.74	35.95	98.69	2.90	1.66	4.56
1954-----	12,517	27,432	2,192	1954-55----	831,899	467,814	1,299,713	65.19	36.66	101.85	3.03	1.71	4.74
1955-----	13,004	30,224	2,324	1955-56----	972,828	524,765	1,497,593	73.18	39.48	112.66	3.22	1.74	4.96
1956-----	13,581	33,273	2,450	1956-57----	1,042,773	554,713	1,597,486	75.13	39.97	115.10	3.13	1.67	4.80
1957-----	14,177	35,582	2,510	1957-58----	1,069,809	572,490	1,642,299	73.99	39.59	113.58	3.01	1.61	4.62
1958-----	14,741	37,241	2,526	1958-59----	1,170,890	594,587	1,765,477	77.98	39.60	117.58	3.14	1.60	4.74
1959-----	15,288	40,960	2,679	1959-60----	1,443,296	633,492	2,076,788	92.66	40.67	133.33	3.52	1.55	5.07
1960-----	15,863	43,183	2,722	1960-61----	1,537,347	656,815	2,194,162	95.14	40.65	135.79	3.57	1.52	5.09
1961-----	16,453	45,776	2,782	1961-62----	1,645,300	669,267	2,314,567	98.24	39.96	138.20	3.61	1.47	5.08
1962-----	17,044	49,187	2,886	1962-63----	1,791,038	711,185	2,502,223	103.18	40.97	144.15	3.64	1.45	5.09
1963-----	17,675	52,400	2,965	1963-64†----	2,031,117	797,147	2,828,264	113.01	44.35	157.36	3.88	1.52	5.40
1964-----	18,272	55,600	3,043	1964-65†----	2,096,899	863,157	2,960,056	112.96	46.50	159.46	3.77	1.55	5.32

* Amounts shown during period of World War II represent civilian population, estimated income of civilians, and per capita civilian income.

† Estimated.

Population data, 1940 through 1949, are based on United States Census Bureau estimates; population, 1950 to date, estimated by the State Department of Finance.

Personal income, 1940 through 1962, from estimates by the Office of Business Economics, United States Department of Commerce. Reported totals for 1941 through 1945 have been adjusted to exclude income of armed forces personnel. Data for 1963 and 1964 are estimates by the State Department of Finance.

Income per capita computed from population and income data shown. Amounts differ somewhat from U. S. Department of Commerce estimates.

Taxes per capita computed on the basis of population January 1st, the midpoint of the fiscal year.

Table 10
COMPARATIVE YIELD OF STATE TAXES, 1945-46 THROUGH 1964-65
(In thousands of dollars)

Year Ending June 30	GENERAL FUND										SPECIAL FUNDS			
	Sales and Use	Personal Income	Bank and Corporation ¹	Insurance	Cigarette	Inheritance and Gift	Distilled Spirits Excise	Horse Racing ²	Beer and Wine	Private Car	Motor Vehicle Fuel ³	Motor Vehicle Fees ⁴	Truck and Bus ⁵	Liquor License Fees ⁶
1946--	\$180,461	\$45,009	\$55,863	\$13,763	—	\$14,514	\$18,191	\$22,758	\$3,772	\$571	\$61,075	\$37,366	\$6,801	\$8,980
1947--	241,507	51,219	59,151	14,697	—	20,079	16,212	19,062	3,690	580	75,528	51,884	8,077	8,902
1948--	275,566	50,185	69,182	17,609	—	20,465	12,399	20,177	3,474	717	120,126	80,210	7,887	8,009
1949--	294,565	50,142	75,798	20,557	—	21,797	13,815	17,292	3,749	775	128,897	91,241	7,953	8,598
1950--	325,493	60,504	74,806	23,285	—	19,916	12,755	14,822	3,621	911	138,350	101,732	8,378	8,032
1951--	399,243	75,891	98,245	23,447	—	23,671	16,094	16,368	3,796	891	149,907	117,680	10,194	8,106
1952--	417,693	90,914	120,127	25,732	—	29,165	14,430	20,042	3,730	1,089	162,076	127,809	11,312	7,828
1953--	460,110	94,551	119,127	29,171	—	23,474	15,615	20,960	4,069	1,127	170,871	139,406	13,359	8,687
1954--	465,051	96,169	125,026	34,325	—	24,112	15,546	22,552	3,989	1,222	234,395	170,519	13,337	8,586
1955--	492,917	106,738	133,661	38,501	—	30,250	16,108	22,877	4,172	1,301	244,588	185,505	13,921	9,213
1956--	564,225	127,816	157,088	39,104	—	36,334	33,970	24,930	4,373	1,330	273,104	209,817	15,956	9,638
1957--	600,102	143,290	167,431	42,529	—	38,540	34,902	26,695	4,361	1,424	291,382	219,266	16,994	10,616
1958--	605,238	149,269	173,599	46,037	—	45,331	33,963	25,948	4,595	1,590	302,671	227,153	15,609	11,297
1959--	631,514	160,553	174,003	105,832	—	44,943	36,685	28,087	5,129	1,712	317,728	236,177	11,203	11,962
1960--	709,648	246,585	240,735	61,530	\$64,805	47,189	40,369	36,288	10,016	1,613	336,809	256,303	12,543	12,379
1961--	711,702	269,103	272,718	66,745	66,024	76,803	41,274	37,260	9,704	1,668	350,819	264,842	12,511	13,044
1962--	749,523	299,034	290,870	71,699	66,054	76,012	45,418	38,311	10,495	1,753	363,796	274,906	13,223	13,533
1963--	813,465	322,012	311,251	77,970	70,194	92,432	48,152	41,663	10,659	1,808	386,215	298,356	14,106	13,939
1964--	866,500	389,500	405,750	104,500	72,150	91,700	49,300	42,967	11,430	1,846	444,900	318,400	15,200	14,121
1965--	947,000	382,500	399,100	93,000	73,200	95,800	52,000	45,306	12,000	1,900	491,150	336,800	16,000	14,300

¹ Includes the corporation income tax and includes amounts credited to the postwar employment reserve in 1945-46.

² Including special fund share of horse racing revenue.

³ Includes the motor vehicle (gasoline) fuel tax, use (diesel and liquid petroleum gas) fuel tax, and brokers and producers fees.

⁴ Includes registration and weight fees, motor vehicle license fee (in lieu tax) and other fees. Part of the revenue from the motor vehicle license fee is credited to the General Fund.

⁵ Motor vehicle transportation tax and permit fees. All revenue from this source accrued to the General Fund in 1945-46 and 1946-47 and the early months of 1947-48.

⁶ Includes General Fund share of revenue from liquor license fees.

NOTE: Changes in rates and other features of these taxes have affected revenue yields during the period covered by this table, hence the data shown are not strictly comparable.

Table 11

OUTLINE OF STATE TAX SYSTEM AS OF JANUARY 1, 1964

Major Taxes and Fees	Reference		Base or Measure	Rate	Administering Agency	Fund
	Code	Sections				
Alcoholic Beverage Excises:						
Beer	R & T (1)	32151(a)	Gallon (2)	\$0.04 (2)	Equalization (3)	General
Distilled spirits	R & T	32201(a)	Gallon	1.50 (4)	Equalization	General
Wine:						
Dry	R & T	32151(b)	Gallon	.01	Equalization	General
Sweet	R & T	32151(c)	Gallon	.02	Equalization	General
Sparkling	R & T	32151(d)	Gallon	.30	Equalization	General
Sparkling hard cider	R & T	32151(e)	Gallon	.02	Equalization	General
Bank and Corporation:						
General corporations	R & T	23151 23501	Net income	5.5% (5)	Franchise (6)	General
Banks and financials	R & T	23181 23183	Net income	9.5% Max.	Franchise	General
Cigarette	R & T	30101	Package (7)	\$0.03 (7)	Equalization	General
Gift	R & T	15201	Market value	2-24%	Controller	General
Horse Racing License	B & P (8)	19491	Amt. Wagered Breakage	5-8% 50-100%	Horse Racing Board	Fair and Exposition and General
Inheritance	R & T	13401	Market value	2-24%	Controller	General
Insurance	R & T	12101	Gross premiums (9)	2.33% (9)	Insurance Comm.	General
Liquor License Fees	B & P	23320	Type of license	Various	Alcoholic Bev. Control Dept.	Alcoholic Bev. (10) and General
Motor Vehicle:						
Vehicle license fees	R & T	10751	Market value	2%	Motor Veh. Dept.	Veh. Lic. Fee (11)
Fuel—gasoline	R & T	7351	Gallon	\$0.07	Equalization	Fuel (12)
Fuel—diesel	R & T	8651	Gallon	.07	Equalization	Fuel (13)
Registration fee	Vehicle	9250	Vehicle	8.00	Motor Veh. Dept.	Motor Veh. (13)
Weight fees	Vehicle	9400	Unladen weight	Various	Motor Veh. Dept.	Motor Veh. (13)
Transportation	R & T	9651	Gross receipts	1½%	Equalization	Transp. Tax (14)
Personal Income	R & T	17041	Taxable income	1-7%	Franchise	General
Private (Railroad) Car	R & T	11401	Valuation	(15)	Equalization	General
Retail Sales and Use	R & T	6051 6201	Receipts from sales of taxable items	3%	Equalization	General

(1) Revenue and Taxation Code.

(2) This tax is levied at the rate of \$1.24 per 31-gallon barrel.

(3) State Board of Equalization.

(4) Distilled spirits in excess of proof strength are taxed at double this rate.

(5) Minimum tax \$100 per year, not applicable to hanks.

(6) Franchise Tax Board.

(7) This tax is levied at the rate of 1.5 mills per cigarette.

(8) Business and Professions Code.

(9) Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. A special rate also applies to annuities.

(10) For return to cities and counties.

(11) For payment of administrative costs, highway bond interest and redemption and apportionment to counties, cities and school districts.

(12) For administrative expense and apportionment to State, counties and cities for highways, airport and small craft harbors.

(13) For support of State Department of Motor Vehicles, California Highway Patrol, county roads and state highways.

(14) For administrative expenses and state highways.

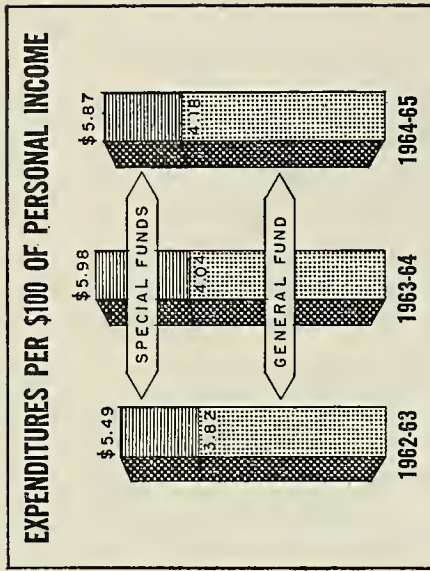
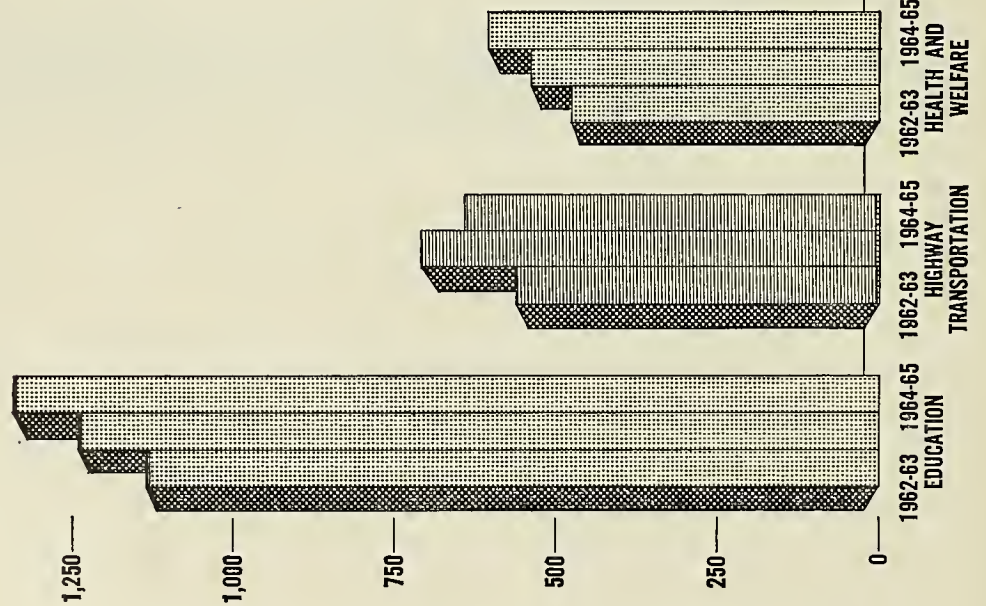
(15) Average property tax rate in the State during preceding year, which for 1962-63 was \$6.92 per \$100 of assessed valuation.

CHART 7

COMPARATIVE EXPENDITURES

1962-63, 1963-64, 1964-65

MILLION
\$1,500 —



Expenditure Program, 1964-65

The decade of the 1960's has brought a growth pattern to California which has produced both population leadership among the states and economic leadership as measured by personal income. The advantages of this growth are mixed, however, with the problems of capital expansion and operating costs required to serve this expanded populace. The 1964-65 Budget reflects more than any other before it the cost of government directly related to such growth.

Although California has long lived with the explosive problems connected with population expansion, this decade is producing the additional internal problems within that expansion which are caused when one element of the population grows at a different rate than the remainder. This is particularly true in the younger age groups which consume so many of the services rendered by the state government.

Although this expenditure on youth encompasses such problems as correctional overcrowding and public health services for children, the major impact in the cost of state government is found in the field of education. Here we find the public school age group still exceeding our average population growth, while our college age group, supported almost entirely by state funds, is increasing at an astronomical rate which is more than double that of the total population. On the other hand, the prime working ages which are most productive of state revenue will actually increase less than any group other than preschool children during the 1960's (See Chart 8 below). Obviously, government expenditures are extremely difficult to hold down when the largest expenditure areas such as education will practically double. It is equally obvious that the resources to pay for this expansion

of governmental service are difficult to provide when the most productive age groups are expanding the least.

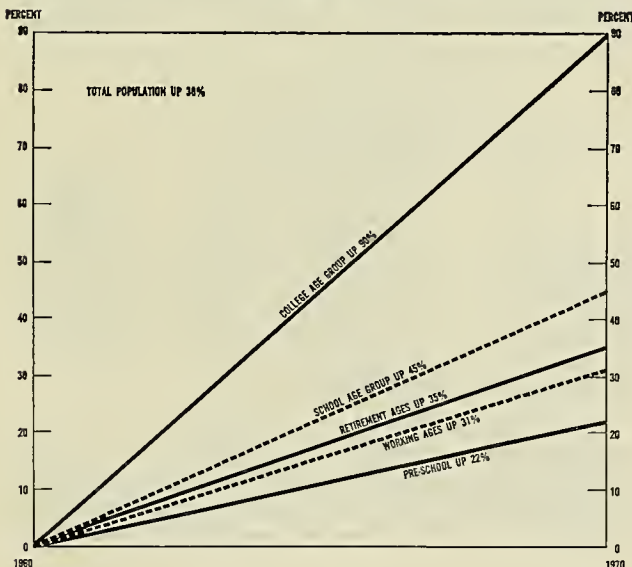
This paradox of more rapid growth in the nonproductive age groups as compared with productive workers is clearly expressed in the 1964-65 budget. Although approximately \$200 million more to meet the needs of regular operations will be taken from annual revenue collections, it will still be necessary to finance most investments required for state institutional building and water facilities through long-term bonded debt.

An expenditure program from current income sources of \$3,263,598,639 is provided to meet the operating costs of state government for 1964-65, representing an increase of \$129 million or 4% over the revised operating budget for the current year. In addition, \$398 million of bond financing is proposed for capital construction, of which \$173 million is included for state institutional buildings including junior colleges, and \$225 million is planned for water facilities. These bond expenditures are not included in budget totals, since they are accounted as they are repaid in future years. When combined with the operating budget, however, they produce a total of \$3.66 billion which best indicates the economic impact of the budget program in California during 1964-65.

Although overall expenditure increases (including bonds) of \$208.9 million or 6% are recommended for 1964-65, the capital construction budget indicates a decrease of \$96 million. This apparent decline is caused by the usual practice of carrying unspent highway funds forward from previous budgets and simply adding them on top of the 1963-64 program. This practice accounts for the most significant portion of this apparent decline. Apart from the decrease in capital outlay the state operations budget will increase just under \$100 million, while the local assistance budget will increase slightly more than \$200 million. These increases will be explained in greater detail in the explanatory text which follows.

Significant studies are now underway by both houses of the Legislature on the tax structure for state and local government. Until these studies are completed in 1965, the expenditure program for state government has been held as closely as possible to basic workload needs of existing programs. The major exception to this approach is a proposal for substantial increase in state support of the public school system. This proposal is included even though the tax studies have not been completed because the local property tax burden is becoming so strained that adequate local financial support for public schools is becoming increasingly difficult to obtain. It is also felt that this basic problem was not met by the actions of the 1963 Legislature, and a second-step program should be built on the foundation of the current school bill.

Chart 8
GROWTH RATES, CALIFORNIA
1960-1970



Spotlighted by this increase in public school support, aid to local government continues to expand more than twice as fast as the operations of state government itself. Assistance to local government is now consuming the major portion of the state tax base, exceeding by more than one quarter the combined operating costs of state departments and funds for capital construction of highways, institutions and other state facilities.

Local Assistance

As an indication of the growing cost of local government, the share of California's growth for the assistance to cities, counties, and special districts comprises 58 percent of the entire budget. These grants and matching programs are primarily for public school support and welfare assistance. They also include certain payments where the State merely acts as a tax collector and returns such funds directly to local government (although legally these collections must be accounted as state expenditures and included in the budget totals). These latter shared revenues account for \$50 million of the budget increase, and have now reached almost \$400 million in amount. Additional increases contained in the aggregate local assistance budget of \$1.895 billion are found in areas of education and social welfare. The public schools alone will require \$51 million for normal increases of over 235,000 children, and the augmentation program of \$35 million will raise contributions in this area to over \$900 million. The welfare budget is also up over \$50 million because of caseload increases and the effect of 1963 legislation. In total, the local assistance budget represents an increase of \$207.3 million, well over two-thirds of all increases contained in the budget.

State Operations

Costs of operating the various state institutions, departments, boards, commissions, and independent offices comprise one-third of the budget, at \$1.052 billion. Included within the \$98 million increase for the budget year are \$86 million for normal workload needs and \$12 million for program improvements in departments concerned with the areas which affect the lives of people.

The most significant increases in state operations are \$32 million for the full year cost of salary increases granted January, 1963 to most state employees, and increases in excess of 10% for the University and state colleges totaling \$30 million which are required to meet one of the largest enrollment increases within the history of these educational institutions. Since the most significant cost of state operations is contained in the staffing required to operate the various departmental programs it is important to note that 145,000 employees are included in 1964-65 requests at a cost of \$1.05 billion from state, federal, and trust funds. Within this total are 8,418 proposed new positions of which 3,100 are included for the University and colleges, 1,000 for the highway transportation agency, 990 for the resources agency, and 800 for the correctional institutions. For summary purposes, table 24 on page A-42 contains

a breakdown of existing and proposed new positions and costs for the three fiscal years reported in this budget, subdivided by function and classification.

Capital Outlay

Less than one-tenth of the total budget expenditures from current revenues are applied to capital construction—primarily from special funds dedicated for highway purposes. Total current expenditures for capital outlay will drop to \$316 million, a decline of \$174 million from the revised current year projections. As discussed previously this decrease is particularly deceptive because the current highway construction budget has been augmented by over \$80 million from funds carried over from prior years. In addition, water facility construction from current revenue decreases \$63 million as a result of the exhausting of the California Water Fund and the use of water bonds. The remaining decline represents the return to a normal development rate for parks, after a 1963 one-time appropriation of \$20 million for emergency acquisition of park lands which otherwise would have been lost to the State.

Although not contained in current expense amounts, a total of \$388 million in state construction is proposed from bond financing. Of this sum, \$225 million will be from water bonds to pay for the full-scale construction program now under way from the Feather River to Southern California. Construction of colleges, university and other state buildings is proposed at \$163 million from bond issues for institutional building. The need for additional building capacity will remain high for the next few years, thereby requiring the continued use of such bond financing for at least the middle years of this decade.

The level of construction required to meet the State's institutional housing needs will deplete the 1962 bond issue for this purpose. For this reason it is planned to request the Legislature for a new bond issue of \$350 million, to be placed on the ballot for the November, 1964 general election. Approximately 70% of the proceeds of this bond issue will be earmarked for educational purposes, including strengthened support for junior college facilities to meet growth problems caused by diversion of students from the University and state colleges.

Table 12

STATE EXPENDITURES BY PRINCIPAL BUDGET DIVISIONS

	1962-63 Actual	1963-64 Estimated	1964-65 Proposed	Change from 1963-64	
				Amount	Percent
State Operations	\$863.5	\$957.0*	\$1,052.5*	\$95.5	9.98
Capital Outlay	345.4	489.7*	315.9*	-173.8	-35.49
Bonds, Building	(105.2)	(194.1)	(173.1)	(-21.0)	(-10.81)
Bonds, Water	(0.3)	(124.8)	(225.7)	(100.9)	(80.81)
Local Assistance	1,493.9	1,687.9	1,895.2	207.3	12.28
Totals	\$2,702.8	\$3,184.6	\$3,263.6	\$129.0	4.12

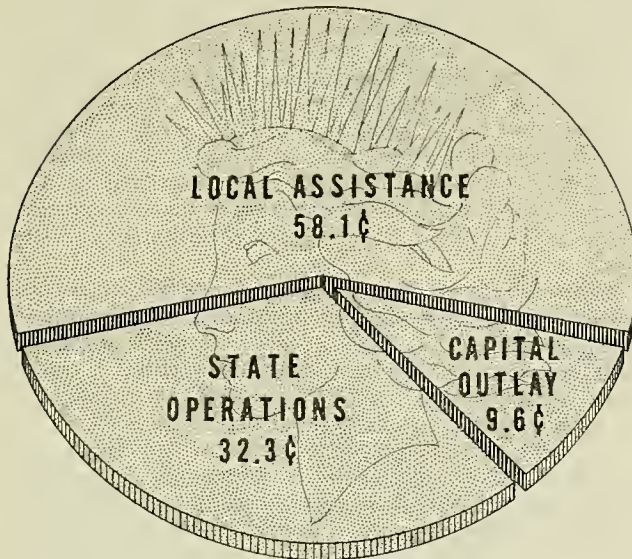
* Reflects distribution of Salary Increase.

In accordance with the established policy of the administration, expenditure increases have been limited almost exclusively to those functions or areas directly related to the care, treatment and education of human beings. In all other operations of state gov-

Chart 9

MAJOR DIVISION OF THE EXPENDITURE DOLLAR

1964-65



ernment, automation, increased efficiencies and other cost saving techniques have been exploited to the fullest to keep operating costs as low as possible.

Functional Distribution

This analysis of the expenditure program combines within each of the major functions of state government all of the costs chargeable thereto. Lump sum costs of salary increases, debt service, and other unallocated amounts have been distributed to these functions. For this reason alone, the amounts shown in the following narrative will not correspond with detailed budget totals in the remainder of the document. These major functional areas of government also provide a basic distribution of the budget dollar, so that the cost of government can readily be related to the proportionate share of the budget. These amounts and percentages are shown below in Table 13, and are analyzed individually in the remainder of this writeup.

Table 13
EXPENDITURES CLASSIFIED BY
PRINCIPAL FUNCTIONS
(In millions)

Function	Proposed 1964-65	Percent of Total	Change from 1963-64 Amount	Percent
Education	\$1,384.7	42.4	140.4	11.3
Highways	692.2	21.1	-19.0	-2.7
Health and Welfare	607.1	18.6	69.2	12.9
Resources	142.6	4.4	-87.2	-37.9
Corrections	105.7	3.3	9.4	9.7
Fiscal Affairs	52.9	1.6	1.8	3.4
Business and Commerce	34.7	1.1	3.1	9.9
Public Safety	23.8	0.7	-0.9	-3.8
Other	219.9	6.8	12.2	5.9
Totals	\$3,263.6	100.0	129.0	4.1

Education—\$1,384,683,000

In terms of dollars expended as well as benefits to the citizens of California, education has long been considered the single most important function supported by the State. As a result of this emphasis and because of ever-increasing enrollments this portion of the budget again constitutes the largest category of state expenditures. For the support of California's burgeoning educational system these costs cover many and diverse program elements.

California, again next year, will provide for the education of more public school children and college-age students than any other state, at a cost of \$1.3 billion. Of the total budget dollar 42.4 cents will be expended on education and of each General Fund dollar 59.4 cents will be devoted to the support of California's education system.



42.4% OF TOTAL BUDGET

Table 14
EXPENDITURES FOR EDUCATION
(In thousands)

	1962-63 Actual	1963-64 Estimated	1964-65 Proposed	Change from 1963-64 Amount	Pct.
State Operations:					
Department of Education	\$4,912	\$5,472	\$5,639	\$167	3.1
Higher Education					
University of California	157,165	169,806	194,564	24,758	14.6
State Colleges	98,708	112,801	130,238	17,437	15.6
Special schools	5,194	5,493	5,785	292	5.3
Other	3,787	4,614	5,885	1,271	27.5
Totals, State Operations	\$269,766	\$298,186	\$342,111	\$43,925	14.7
Capital Outlay:					
Higher Education					
University of California	\$3,583	\$1,949	\$1,996	\$47	2.4
Bond act program	(52,307)	(69,021)	(61,741)	(-7,280)	(-10.6)
State Colleges	3,213	2,552	1,046	-1,506	-50.0
Bond act program	(32,184)	(79,917)	(58,309)	(-21,608)	(-27.0)
Special schools	72	142	23	-119	-83.8
Other bond act program	(-168)	---	---	---	---
Totals, Capital Outlay	\$68,868	\$4,643	\$3,065	-\$1,578	-34.0
Bond act program	(84,324)	(148,939)	(120,050)	(-28,889)	(-19.4)
Local Assistance:					
School support	\$762,964	\$836,522	\$923,059	\$86,537	10.3
Teachers' retirement	43,003	47,239	52,500	5,261	11.1
Debt service	36,770	38,126	42,615	4,489	11.8
Free textbooks	8,700	11,946	13,889	1,943	16.7
Child care centers	5,882	5,818	6,224	406	7.0
Vocational education	230	230	230	---	---
Other	5,180	1,568	990	-578	-36.9
Totals, Local Assistance	\$862,729	\$941,449	\$1,039,507	\$98,058	10.4
Grand Total	\$1,139,363	\$1,244,278	\$1,384,683	\$140,405	11.3
Bond act program	(84,324)	(158,939)	(130,050)	(-28,889)	(-18.2)

* Includes \$10,000,000 of expenditures in local assistance under the Junior College Facilities Construction Law in 1963-64 and 1964-65.

Department of Education

The administration and general supervision of public school education through the junior college level is the responsibility of the Department of Education. Among the programs in this broad field are the apportionment of funds for the support of the public

schools; selection, printing and distribution of free textbooks for the elementary grades; and the operation of special schools for the handicapped.

The Department also acts as the cooperating agency in such Federal-State cooperative programs as vocational education, national defense education, and the distribution of surplus property.

Legislation enacted in 1963 transferred the administration of the vocational rehabilitation function from the Department of Education to a new Department of Rehabilitation. This action not only results in a greater emphasis on the rehabilitative programs but also allows more attention to be devoted to the education of California's youth.

The 1964-65 budget of the Department of Education provides for the continuation of the ongoing education programs conducted or administered by the Department. 1963 legislation added responsibilities to the Department for new or pilot programs in such diverse areas as: (1) increased assistance to the educationally handicapped, (2) emphasis on work with the culturally disadvantaged, (3) assistance to school districts in areas of de facto school segregation, and (4) a study of public school libraries. These programs are designed to assist local school districts to cope with areas such as those above which often preclude the attainment of adequate and equal educational opportunities for all children.

Local Assistance

During the budget year 4.2 million students, or almost one out of four persons in the State, will be enrolled in the public schools—kindergarten through grade 14. This cost continues at a rate far exceeding that of the general population, and will require a State contribution of \$888 million next year to meet the present level of public school support. An increase of \$51 million over the current year will provide funds for an additional 234,500 students during the 1964-65 school year.

Because this long-continued growth of the public school system has put increasing, if uneven, pressure on the property tax used as the local revenue source for the school system, an additional \$35 millions of State contributions are recommended in 1964-65. Representing by far the major augmentation contained in this budget, when added to the \$25 million of new money provided in the current year, will raise the level of State contribution by \$60 million. Due to the present disparity of the local property tax levy between school districts, however, this State augmentation should be contingent on the adoption of fiscal reform legislation which will permit a more reasonable sharing of local effort. This budget proposes the principle of countywide equalization as a means of equalizing the present disparity in the local tax bases available for educational purposes, and obtaining additional assistance from the relatively untapped resources of islands of wealth in many counties. It would provide thereby an additional \$27 million of local contributions which could be added to the \$60 million of State aid to produce a total fiscal improvement of \$87 million for the budget year.

Rising enrollments and new adoptions in the free textbook program for the elementary grades will again increase substantially—to an adoption level of \$15

million—in 1964-65. Because the new concepts contained in the arithmetic adoption are so significant, however, the State Board of Education will attempt to advance normal delivery dates of basic texts for as many grades as possible so as to make the books available in the classrooms by this September.

Funds for child care centers of \$6.2 million will provide for an estimated 3.2 percent increase in enrollment hours of attendance over 1963-64. These centers are operated by 46 school districts—primarily in the urbanized areas of the State—to provide low cost care and supervision of children whose parents must work to provide an adequate livelihood for the family.

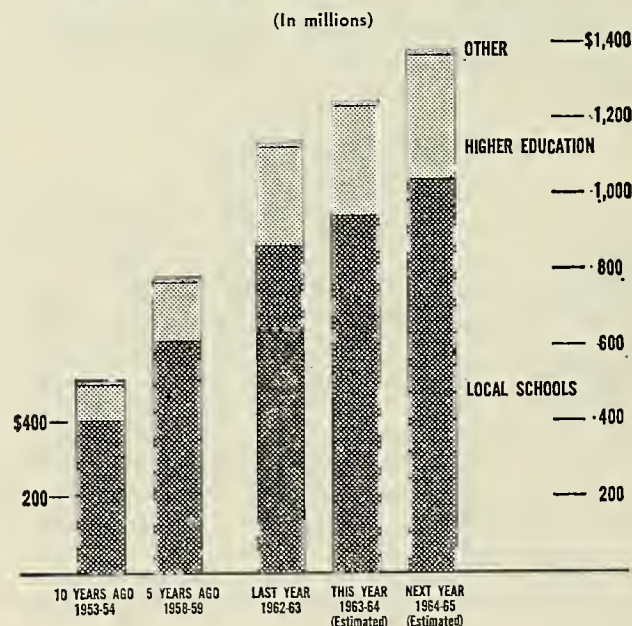
The 1964-65 Budget includes \$800,000 for assistance to public libraries as authorized by the Public Library Services Act. This new program, added by action of the 1963 Legislature, is anticipated to make a significant contribution to the improvement of public library service in California.

A Federal co-operative program to provide for retraining the unemployed with submarginal or obsolescent job skills is also included at an estimated cost of nearly \$3.6 million. The Vocational Education Section of the department will supervise the training phases of the Manpower Development and Training Act Program. This training will be conducted primarily by the public schools with full reimbursement of excess costs by the Federal Government.

In addition, funds are included in the budget for grants to teachers of the physically handicapped and the mentally retarded. Many teachers of these children do not have the requisite training that has been found necessary for optimum results. This program will offer financial grants to teachers undertaking further academic training leading to full qualification.

The State will also contribute \$52 million for the major share of retirement benefits for 30,000 teachers who will have retired by the end of the budget year. One-third of the \$5 million increase for this purpose

Chart 10
COMPARATIVE EXPENDITURES FOR EDUCATION



will provide a 15 percent increase in benefits for teachers in the lowest retirement brackets, raising the minimum allowance from \$70 to \$80 per year of service.

Assistance to junior colleges for capital outlay purposes is a continuing and serious need. To meet this problem, the Junior College Facility Construction Law was enacted in 1963, providing \$20 million in matching funds to be expended during the 1963-64 and 1964-65 fiscal years. Legislation will be proposed at the 1965 General Session to enact a sound, permanent program of state assistance for junior college construction to meet the tremendous enrollment growth that the junior colleges are now experiencing, and which they face in the near future. Expenditures for this purpose are necessary to accomplish the recommended apportionment of responsibilities for higher education among the University of California, the state colleges, and the locally administered junior colleges. Sufficient funds will be included in the proposed State bond issue for capital outlay at the junior college level to meet the responsibility of the Master Plan for Higher Education for students diverted from the University and State Colleges to the Junior College system.

Higher Education

California's system of publicly supported higher education is tripartite in nature, consisting of: (1) public junior colleges which are locally controlled, tuition free, and jointly supported by the local school districts and the State; (2) multipurpose four- to five-year liberal arts state colleges; and (3) a state university offering advanced graduate and professional education programs. So that the three complementary systems responsible for higher education may better serve the growing needs of California, the Coordinating Council for Higher Education was created in 1961. This advisory agency, representing public and private higher education and the general public is charged with co-ordinating the orderly growth and defining the proper distribution of the various functions in this field, and in advising the Governor and the Legislature regarding levels of state support for the university, the state colleges, and the junior colleges.

University of California

The proposed budget for 1964-65 provides for the largest increase in enrollment experienced by the University of California in the last 11 years. During the budget year over 7,300 additional students will raise student enrollments to 68,600, an increase of 12 percent over the current academic year.

Not only is this increase the greatest in the past decade, but the composition of student enrollments involves a continuing increase at the graduate level. Since 1954, enrollments at the graduate level have increased 50 percent more than undergraduate enrollments.

To provide for present and future operating needs of the university, \$194 million from state sources will be required, an increase of \$24.7 million. Future growth is being provided through the planning of new campuses at Irvine and Santa Cruz (scheduled to open in fall 1965), and an expanded liberal arts program at San Diego.

Provision has also been made to start a new law school at the Davis campus, with a first class to be admitted in 1966. The 1963 Legislature also provided that the California College of Medicine become a medical department of the university effective in January 1965 for which \$64,000 has been recommended for preliminary planning and programming.

Continuing capital construction requirements for classrooms as well as research facilities and necessary land acquisition programs are budgeted at \$63.7 million to provide for an estimated enrollment of 76,600 in the fall of 1966. Working drawings are included for projects to meet estimated enrollments of 81,800 students in the fall of 1967.

State Colleges

The 17 State Colleges (including San Bernardino and Palos Verdes which are in the planning stage) are administered by the Trustees of the California State Colleges. These colleges will provide academic programs for nearly 105,000 students in 1964-65, an increase of 8,300 students over current enrollments. The State Colleges have become one of the fastest growing and largest single complexes for higher education in the nation. The individual colleges, each with a geographic, curricular, and academic character of its own, offer solid basic programs in liberal arts. Beyond this, each college offers individuality in academic emphasis to provide a diversified system of academic education opportunities.

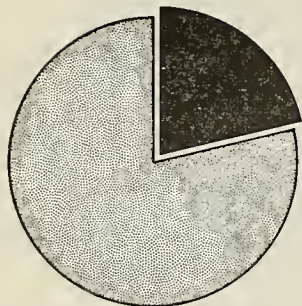
The budget for the State Colleges totals \$130.2 million for current operations to provide for continuation of existing service levels, plus modest program improvements. A total of \$1 million is provided for library books and processing costs as a special allowance to improve library collections over current inadequate levels. A new master of social work program is being instituted at Fresno, Sacramento, and San Diego State Colleges to meet the critical shortage of adequately trained social workers. Plans are also being made to initiate a joint doctoral program with the University of California.

Because of pressure for greater utilization of physical plant a move toward year-round operation is being considered. Funds are provided in this budget for a study of the existing curricula so that they may be converted to a four-quarter system. To establish a faculty research program, \$500,000 is included for incidental expenses, such as clerical and technical assistance, operating expense and equipment to support classroom-related research projects.

In addition funds are provided for sabbatical leave benefits, out-of-state travel related to faculty recruitment, general increases in the level of support for the masters degree program, improvement of levels of staffing in top management areas, and for further utilization of electronic data processing programs in instructional and administrative areas.

The capital outlay budget totals \$59.3 million. The additional classroom buildings and related facilities funded within this sum will provide for construction of the required capacity to accommodate the expected addition of more than 7,800 students by 1966, with an additional 6,200 students to be accommodated by space to be provided by the working drawing funds provided in this budget.

Highway Transportation—\$692,209,000



21.1% OF TOTAL BUDGET

The second largest segment of expenditures in the budget is for activities related to highway transportation—highway construction and maintenance, enforcement of traffic laws, registration of motor vehicles, and licensing of drivers.

During the 1964-65 fiscal year this function will account for expenditures totaling \$692 million, including \$314.6 million in Federal

funds. Slightly over 90 percent of the total will go for highway construction and maintenance, purchase of rights-of-way, and subventions to cities and counties for streets and roads. The remainder will support the operations of the Departments of the California Highway Patrol and Motor Vehicles.

Highways

The State Highway Budget is prepared under the direction of the State Highway Commission and, in accordance with law, is submitted to the Legislature without modification by the Governor. This budget is included to provide a comprehensive report of state expenditures. The proposed expenditures for 1964-65, including federal funds, total \$796.1 million.

The State Operations portion of the budget totals \$76.5 million for maintenance of the State Highway system and overhead costs of the headquarters and district offices. Included here is \$51 million for highway maintenance, landscaping and functional planting; \$14.5 million for administration; \$1.1 million for payments to and benefits for prisoners engaged in highway projects.

Table 15

EXPENDITURES FOR HIGHWAY TRANSPORTATION (In thousands)

	1962-63 Actual	1963-64 Estimated	1964-65 Proposed	Change from 1963-64 Amount	Pct.
State Operations:					
Highway patrol	\$39,819	\$43,618	\$47,609	\$3,991	9.1
Department of Motor Vehicles	35,328	41,198	44,384	3,186	7.7
Highway maintenance, etc.	64,644	73,339	76,578	3,239	4.4
Other	29	100	103	3	3.0
Totals, State Operations	\$139,820	\$158,255	\$168,674	\$10,419	6.6
Capital Outlay:					
Highway patrol	\$251	\$3,324	\$1,193	—\$2,131	—64.1
Department of Motor Vehicles	6,181	3,874	2,212	—1,662	—42.9
State highways	269,930	356,549	283,660	—72,889	—20.4
Totals, Capital Outlay	\$276,362	\$363,747	\$287,065	—\$76,682	—21.1
Local Assistance:					
For County Roads:					
Fuel tax	\$81,882	\$93,825	\$106,662	\$12,837	13.7
Registration fees	13,938	7,639	—	—7,639	—100.0
State grants-in-aid	4,433	6,242	7,323	1,081	17.3
Totals, County Roads	\$100,253	\$107,706	\$113,985	\$6,279	5.8
For City Streets:					
Fuel tax	\$40,495	\$44,656	\$48,988	\$4,332	9.7
Grade crossing protection	4,328	4,837	5,233	396	8.2
Totals, City Streets	\$44,823	\$49,493	\$54,221	\$4,728	9.6
County Roads and City Streets:					
Apportionment of motor vehicle fuel tax	—	\$32,020	\$68,264	\$36,244	113.2
Totals, Local Assistance	\$145,076	\$189,219	\$236,470	\$47,251	25.0
Grand Totals	\$561,258	\$711,221	\$692,210	—\$19,012	—2.7

The recommended construction program is \$586 million. The budget provides construction funds for 282 miles of multi-lane freeways, 25.2 miles of multi-lane expressways and 37.6 miles of two-lane expressways planned for future expansion to four-lane divided facilities when traffic conditions warrant, in addition to numerous widening and other improvement projects.

Priority will continue to be given to construction of the State's 2,177-mile portion of the national system of Interstate and Defense Highways in which the 1964-65 Budget contains \$305.7 million in federal funds, of which \$256.1 million is designated for Interstate system routes which federal law requires completion by 1972.

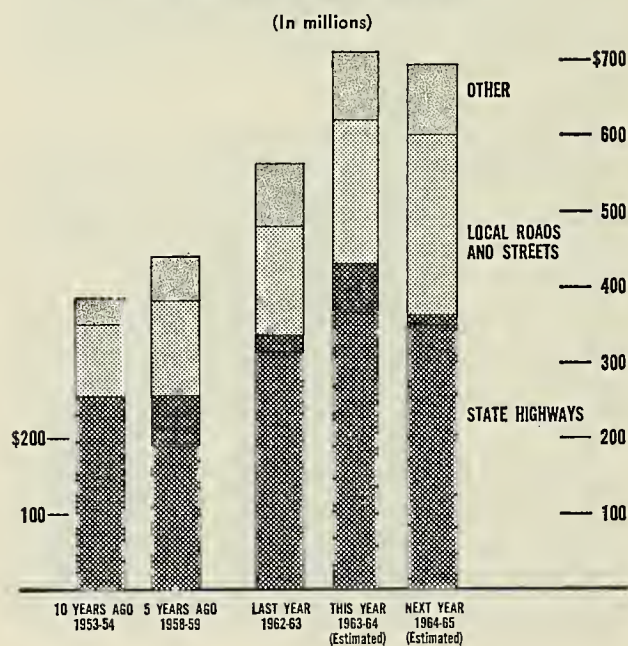
Another large segment of the Highways' budget provides for road purposes other than State highways. The largest of these non-state highway items are for construction and rights-of-way for streets and roads on the Select System of cities and counties and for improvements and maintenance work on city streets. As a consequence of 1963 legislation, the "shared revenue" for these purposes (all of which goes to counties and cities) will be increased by \$36.4 million in the 1963-64 fiscal year and by \$75.9 million in 1964-65.

Highway Patrol

The California Highway Patrol operations budget of \$47.6 million, for the 1964-65 fiscal year, is designed to keep abreast of the increasing number of vehicles

Chart 11

COMPARATIVE EXPENDITURES FOR HIGHWAY TRANSPORTATION



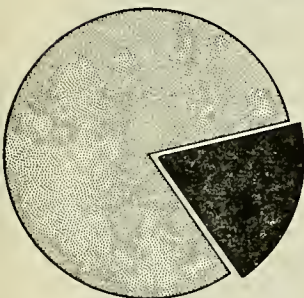
and the growth in highway mileage under the jurisdiction of the Highway Patrol. To meet this need an additional 85 traffic officers are included in this budget. Implementation of 1963 legislation has resulted in the addition of a recommended 72 new positions for inspection activities related to motor vehicle pollution control and 57 new positions for the motor carrier safety program transferred this year from the Public Utilities Commission.

Department of Motor Vehicles

The principal activities of the Department of Motor Vehicles are the registration of vehicles, the licensing of drivers, and the determination of financial responsibility of individuals involved in vehicle accidents. It is estimated that during the 1964-65 fiscal year the department will register 10,858,000 vehicles and issue 3,276,000 driver licenses at an estimated cost of \$44.3 million. This represents increases of 3.7 percent in registrations, 10.8 percent in driver licenses and 4.3 percent in cost of operations.

Major increases for the department are for increased workload at a cost of \$1.4 million, and for the collection of use tax at a cost of \$488,000 which will be reimbursed by the Board of Equalization.

Health and Welfare—\$607,125,000



18.6% OF TOTAL BUDGET

The promotion and protection of Californians' well-being continues to be a major concern of the State. This involves all aspects, the physical and mental health, the economic well-being, and the restoration of both health and economic capabilities where it is lost or in danger of being lost.

Programs in this area involve a surveillance of healthful environment through the Department of Public Health, the improvement of mental health through the Department of Mental Hygiene, the restoration of the ability to earn a livelihood by the Department of Rehabilitation, and through the Department of Social Welfare the preservation of home situations and personal maintenance when economic disaster threatens.

The health and well-being of our citizens is of such great importance that all segments of government cooperate in its preservation. The Federal Government, State Government, county government, and other local governments participate both fiscally and operationally in all of these endeavors.

In 1964-65 the State is estimated to spend a total of \$69.2 million in this field.

Mental Hygiene

The proposed expansion of the mental health program will require an increase of \$9.7 million over current year expenditures, carrying the cost of this function to \$171.8 million in 1964-65.

During 1964-65 it is planned to develop further and improve the services that make up California's comprehensive approach to the problems of mental ill-

Table 16
EXPENDITURES FOR HEALTH AND WELFARE
(In thousands)

	1962-63 Actual	1963-64 Estimated	1964-65 Proposed	Change from 1963-64 Amount	Pct.
State Operations:					
Mental hygiene	\$152,348	\$162,040	\$171,796	\$9,756	6.0
Public health	10,208	10,876	11,900	1,024	9.4
Social welfare	4,276	4,547	5,149	602	13.2
Other	3,893	4,714	5,751	1,037	22.0
Totals, State Operations	\$170,725	\$182,177	\$194,596	\$12,419	6.8
Capital Outlay:					
Mental hygiene	\$1,322	\$1,940	\$1,175	—\$765	—39.4
Bond act program	(1,897)	(9,297)	(5,850)	(—3,447)	—37.1
Public health	22	—64	165	229	—
Bond act program	(6)	(44)	(1,200)	(1,156)	—
Totals, Capital Outlay	\$1,344	\$1,876	\$1,340	—\$536	—28.6
Bond act program	(1,903)	(9,341)	(7,050)	(—2,291)	—24.5
Local Assistance:					
Mental Hygiene:					
Mental Health service	\$3,206	\$5,291	\$11,680	\$6,389	120.8
Public Health:					
Tuberculosis subsidies	3,558	3,140	3,208	68	2.2
Crippled children	8,451	11,080	11,979	899	8.1
Aid to local health departments	4,109	4,241	4,363	122	2.9
Aid to counties without health departments	425	497	578	81	16.3
Hospital construction	12,013	14,394	11,149	—3,245	—22.5
Mosquito and gnat control	258	259	264	5	1.9
Physically handicapped children	1,460	1,676	1,935	258	15.5
Totals	\$33,480	\$40,578	\$45,156	\$4,578	11.3
Social Welfare:					
Old age security	\$151,474	\$156,450	\$165,919	\$9,469	6.1
Aid to needy disabled	17,099	30,484	48,783	18,299	60.0
Aid to needy children	81,760	90,650	108,518	17,868	19.7
Aid to the blind	9,885	9,904	10,949	1,045	10.6
Medical assistance to the aged	6,740	18,567	23,793	5,226	28.1
Other	5,666	7,219	8,071	852	11.8
Totals, Social Welfare	\$272,624	\$313,274	\$366,033	\$52,759	16.8
Totals, Local Assistance	\$306,104	\$353,852	\$411,189	\$57,337	16.2
Grand Totals	\$478,173	\$537,905	\$607,125	\$69,220	12.9
Bond act program	(1,903)	(9,341)	(7,050)	(—2,291)	—24.5

ness and mental retardation. In regard to the mentally ill, it is expected that the planned program will make possible a further reduction in the population of the hospitals for the mentally ill. By June 30, 1965, it is estimated that the population of these hospitals will be 31,300 compared with 36,771 on June 30, 1959. The reduction during this period has been accomplished despite a rising state population and an increasing number of admissions.

For the hospitals for the mentally retarded, a continuation of the trend of both increasing admissions and rising population is expected. During 1964-65, it is estimated that 1,620 patients will be admitted and that the resident population will reach the rated capacity of 13,100 by June 30, 1965.

Enrichment of hospital treatment and supportive programs, expansion of various community-based programs such as home leave, family care, outpatient and day treatment services, development of the Short-Doyle community health program, and other cooperative efforts between state and local agencies have been significant factors in the success of the California program in recent years. This budget includes funds to develop further many of these services in an effort to exploit the advances made to date. Besides funds for additional staffing for increased mentally ill and mentally retarded admissions and other workload increases, an augmented program of nearly \$2 million

is proposed. This amount includes \$798,000 for improvement of hospital services in a variety of activities such as special drug therapy, consultative services in medical specialties, rehabilitation therapy, dental, education, and chaplaincy services, along with increases in supportive activities such as clerical, maintenance, and safety.

To improve the recruitment opportunities for qualified professional personnel and to increase the effectiveness of services offered, a total of \$412,201 is included for scholarships and internships in specialized areas, student training programs, and for additional training courses and training consultation.

Also included in the augmented program is \$214,000 to maintain the research program at a level comparable to that existing in the base year of 1961-62, by offsetting the increases in personnel costs that have been absorbed in the research allocation since that time.

A total of \$498,691 is included for community service programs of which \$410,610 is to increase the allowance for the family care home board rate to remain in a competitive position for these important services. Also included are consultation positions for administration of the expanding Short-Doyle program.

In the area of central program administration and services, \$70,664 is included for new positions in support of medical services administration, mental retardation and children's services, food administration, facilities management, and hospital social service consultation.

In addition, an allocation of \$11.7 million is provided to continue the dynamic expansion of community mental health services (Short-Doyle Program), and thus obviate the necessity for large numbers of citizens to leave their home communities because of mental problems. While this program was rather slow getting started, the momentum has been increasing. Amendments enacted by the 1963 Legislature, liberalizing services as well as revision of the reimbursement

rate, have done much to encourage greater local participation.

The 1964-65 fiscal year will provide State reimbursing to local jurisdictions for local mental health services at a dollar level which is double that of the highest previous year. This is indicative of the dramatic change that is taking place in the local mental health field.

Capital outlay projects in the budget year, totaling \$7.0 million are proposed to provide additional auxiliary facilities, to remodel outdated ward buildings, including a limited amount of air conditioning; and to improve physical plants through the correction of other deficiencies. It is also proposed to provide for the final phase of site acquisition for the replacement of the Langley Porter Institute.

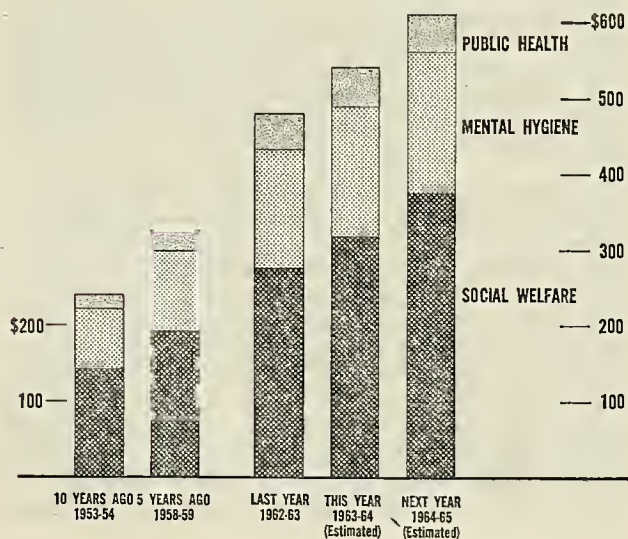
Rehabilitation

A new department in the Health and Welfare Agency, the Department of Rehabilitation, was established by the 1963 Legislature and officially came into being on October 1, 1963. The new department includes 7 functions formerly administered by the Department of Education: Vocational Rehabilitation Service, Disability Certification Program, Business Enterprise Program for the Blind, Field Rehabilitation Services for the Blind, Opportunity Work Centers for the Blind, Industries for the Blind, and the Orientation Center for the Blind. The over-all objective of the Department of Rehabilitation is to intensify services to the physically and mentally handicapped in the State; to promote a higher degree of coordination of services among the several functions which were brought together in the new department; and to reduce dependency through the provision of a wide variety of restorative and retraining services to handicapped citizens in the State who otherwise are or would become public charges. Because of 1963 legislation the State became eligible for Federal financial assistance for programs formerly funded entirely from state sources. As a consequence the reduction in state expenditures exceeds the costs attributable to the establishment of a new administrative organization.

The proposed 1964-65 expenditure program for the new department totals \$12.8 million which includes \$5.4 million state funds and \$7.4 million federal funds. Nearly \$11.8 million of this total is for continuation of existing service levels and special projects, and for increases in workload in several program areas. The remaining amount of slightly over \$1 million is for an augmented program of vocational rehabilitation services. This includes 45 new positions and approximately \$500,000 in additional case service funds to increase services to accommodate additional high priority referrals and to give special attention to the needs of the blind, the deaf, the mentally ill, and to the mentally retarded.

These recommended increases in services are accompanied by a proposal to amend the counselor to population ratio (from 1 to 80,830 persons in the age group 16 to 64 years to 1 counselor for each 75,000 persons) and a recognition of price increases in the case service funds. The allowance of case service funds for each experienced counselor will be raised from \$21,644 to \$25,000 by this proposal.

Chart 12
COMPARATIVE EXPENDITURES FOR HEALTH
AND WELFARE
(In millions)



Because of the federal participation in the rehabilitation program, the increase of \$1 million will cost the State of California but \$520,560 in additional General Fund expenditures.

Social Welfare

Expenditures in support of the activities of the Department of Social Welfare will increase \$602,000 to a total of \$5,149,000 in 1964-65. This includes the full year cost of a new continuous quality control program as well as provision for 50.8 new positions for workload and general program strengthening.

Payments of state funds to local government for economic assistance to the aged, handicapped and needy citizens as well as expenditures for social services and other local welfare activities will total \$366 million in 1964-65. This is an increase of \$52.8 million over the revised 1963-64 estimate of expenditures.

This increase results from program growth primarily related to population increases, increased grants for cost of living increases, and legislative liberalizations enacted at the 1963 General Session.

The most significant legislative change was contained in Chapter 510, Statutes of 1963, which permitted eligibility of unemployed parents in the Aid to Families with Dependent Children category. Other major changes included in this legislation were: (1) expanding the definition of disability to include unemployability; (2) providing for federal sharing in the cost of the first 30 days in county hospitals of Medical Assistance to the Aged; (3) establishing an earlier beginning date for aid for recipients of all programs; (4) liberalizing residence requirements for the blind and disabled recipients; (5) providing for the cost of living increases to disabled recipients; and (6) liberalizing property and income provisions.

Public Health

Further emphasis on programs dealing with California's air pollution and respiratory disease problems account for most of the \$1,024,000 increase in the \$11.9 million support budget proposed for the Department of Public Health.

Two respiratory-rehabilitation centers at an estimated annual operating cost of \$200,000 would evaluate need, and provide limited care, specialized services, and equipment for persons with severe respiratory disabilities. These centers are planned to provide services on an inpatient, outpatient, and home care basis for southern and northern California.

A reduced rate in the incidence of tuberculosis has been evident for some time although there is evidence that the decrease is slackening. However, there is a need to follow-up reactivated tuberculosis cases, make additional sanitarium inspections, and accelerate control and casefinding generally. For this purpose a medical officer is requested at an estimated cost of \$23,000.

Restoration to the Public Health budget of \$200,000 for air pollution research is essential if the Department of Public Health is to administer properly the pollution control program for which it is responsible.

Two capital outlay projects are proposed at a cost of \$1.2 million for a laboratory building in Los An-

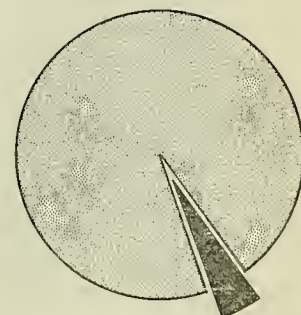
geles and \$165,000 as the State's share of \$1.6 million cancer research facility in Berkeley. The Los Angeles project will replace an overcrowded leased building which must be vacated in 1966.

The \$33.5 million for assistance to local agencies in 1964-65 is \$1.8 million less than the estimate for the current year. This results primarily from a \$3 million acceleration in the hospital construction program during 1963-64 for which a deficiency appropriation is being requested. The rate of increase in this program is expected to diminish to more normal levels next year.

The significant increase in program proposed by the assistance budget is \$418,000 for diagnosis and treatment of children suffering from epilepsy, as a handicapping condition under the Crippled Children Services Program. Successful results of pilot clinics for severe epilepsy proved the value of more adequate diagnosis and treatment, thereby indicating the advantage of inclusion in the Crippled Children program.

Resources—\$142,635,000

Aggregate expenditures of \$142 million for the development, protection, and optimum utilization of the State's wealth of natural resources place this function in fourth position in order of magnitude. Recognition of the deleterious effects of our population growth on these resources is creating a sense of urgency for their protection which should keep this function high in importance in future budget priorities.



4.4% OF TOTAL BUDGET

Table 17
EXPENDITURES FOR RESOURCES
(In thousands)

	1962-63 Actual	1963-64 Estimated	1964-65 Proposed	Change from 1963-64	
				Amount	Pct.
State Operations:					
Agriculture	\$22,097	\$23,769	\$24,815	\$1,046	4.4
Conservation	27,242	29,690	31,764	2,074	7.0
Fairs and expositions	2,294	3,031	3,107	76	2.5
Fish and game	10,865	11,419	12,087	668	5.8
Parks and recreation	7,848	8,901	9,620	719	8.1
Water resources	11,451	13,470	14,484	1,014	7.5
Other	-	136	162	26	19.1
Totals, State Operations	\$81,797	\$90,416	\$96,039	\$5,623	6.2
Capital Outlay:					
Agriculture	\$1,600	\$3,330	\$1,990	-\$1,340	-40.2
Bond act program	(153)	-	-	-	-
Conservation	750	1,935	1,130	-805	-41.6
Bond act program	(1,933)	(4,051)	(4,344)	(293)	(7.2)
Fairs and expositions	26	22	400	378	718.2
Fish and game	236	245	199	-46	-18.8
Parks and recreation	4,673	33,301	4,350	-28,951	-86.9
Water resources	50,184	73,498	11,009	-62,489	-85.0
Water bond program	(320)	(124,827)	(225,707)	(100,880)	(80.8)
Other	851	877	789	-88	-10.0
Totals, Capital Outlay	\$58,320	\$113,208	\$19,867	-\$93,341	-82.5
Bond act program	(2,406)	(128,878)	(230,051)	(101,173)	(78.5)
Local Assistance:					
Aid to fairs	\$2,666	\$3,419	\$2,831	-\$588	-17.2
Flood control and beach erosion	319	1,226	890	-336	-28.4
Agricultural commissioners	171	171	178	7	4.1
Loans to small craft harbors	-	150	-150	-300	-
Other	14,557	21,199	22,980	1,781	8.4
Totals, Local Assistance	17,713	26,165	26,729	564	2.2
Grand Totals	\$157,830	\$229,789	\$142,635	-\$87,154	-37.9
Bond act program	(2,406)	(128,878)	(230,051)	(101,173)	(78.5)

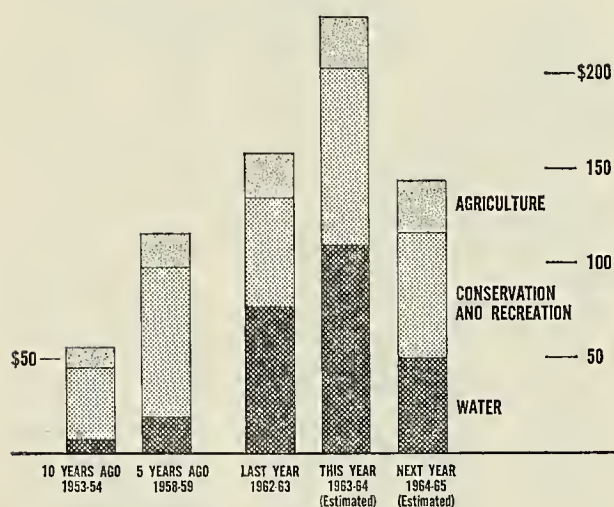
Water Resources

Water conservation and development will again be a major expenditure factor as the Feather River Project enters its third year of construction. The concrete core block for Oroville Dam is complete and work is well underway on depositing the embankment material. Other features of the California Water Development Program are on schedule, with intensive aqueduct construction activity scheduled for the North and South San Joaquin Divisions. Construction is proceeding on San Luis Dam and Reservoir, a joint federal-state project, with expenditures by the State of \$50.4 million proposed for that project alone. This represents 55 percent of the cost of the work programmed as this State's share for the San Luis Project.

Intensive study is underway on pumping facilities and power sources necessary to move water over the Tehachapi Mountains and into Southern California. State expenditures for 1964-65 for the entire system of aqueducts, dams and reservoirs stretching from the upper Feather River in the north to Perris Reservoir in Riverside County are anticipated to aggregate \$236.9 million, an increase of \$40 million over the current year level.

The validation of revenue bonds by the State Supreme Court will permit the sale of authorized general obligation bonds. \$150 million in bonds are scheduled for sale during the latter part of 1963-64 and \$200 million are planned for sale during 1964-65. \$50 million of bond anticipation notes were sold in November of 1963 at an interest rate of less than 2 percent. These short-term notes will be redeemed from the proceeds of the first general obligation bond sale.

Chart 13
COMPARATIVE EXPENDITURES FOR
RESOURCES
(In millions)



To continue the policy of maximizing recreational benefits of the project, \$1,651,000 is included for recreational development at Grizzly Valley and Del Valle Dams and Reservoirs and tree planting at San Luis and Castaic Dams and Reservoirs.

General planning activities will continue to emphasize investigations of water needs. In addition, project planning on the Eel River Diversion Project, will accelerate and the next water development projects to be undertaken in time to meet the State's ever increasing need for water.

The Reclamation Board's flood control program provides for the expenditure of \$10.4 million. Included in this amount is \$6.6 million to complete the state-constructed segment of the Lower San Joaquin River Project. The Department of Water Resources' portion of the State's local assistance flood control program reflects an expenditure of \$12.4 million in 1964-65.

Fish and Game

For the protection, propagation and management of the State's fish and wildlife resources, the proposed budget for the Department of Fish and Game and Wildlife Conservation Board totals \$12.1 million. Anticipated expenditures in the budget year are completely funded from available resources. No new programs are proposed for the budget year, and augmented programs are restricted almost exclusively to those in completely reimbursed areas.

Conservation

To protect and enhance the statewide values represented by 39,000,000 acres of timber, range, watershed and recreational lands will require expenditures by the Division of Forestry in excess of \$24.6 million during the coming fiscal year. To assist in the accomplishment of these objectives the division operates through a network of strategically located fire suppression stations and conservation camps. During the current year, 2,280 Department of Corrections inmates and 360 Youth Authority wards will man 31 permanent conservation camps, 3 mobile camps and 3 temporary camps.

New conservation facilities with capacity for 340 men are scheduled to be opened in the budget year at Black Mountain in Sonoma County, Piney Creek in Monterey County, Cuyamaca in San Diego County, and Baseline in Tuolumne County.

The newly created California Youth Conservation and Training Program is scheduled for its first full year of operation in 1964-65. This program began with the conversion of the Oak Glen Camp from a regular conservation camp. In November 1963, the first of 100 young men moved into this camp to begin this pilot program.

The use of aircraft under contract in controlling and suppressing wildland fires has proved very effective. In 1964-65, additional funds are proposed for contracting for air tanker service. These funds will not provide for any increase in the number of tankers under contract, but will guarantee operators

a reasonable return on their investment without depending upon the occurrence of fires to be assured of this return. This augmented program is expected to reduce the demand for emergency fire suppression funds for air operations.

Legislation in 1963 placed added responsibilities on the division in the field of fire prevention. To meet these responsibilities, additional fire prevention officers will make it possible to investigate and prosecute more cases related to man-caused forest fires and to recover from the responsible parties expenditures by the State in suppressing wilfully set or negligently caused fires.

For the first time the department will be staffed to develop and maintain a safety program. A safety officer and clerk are provided in the Division of Administration for this purpose. The Division of Forestry alone has an accident frequency rate of 62 per million man-hours as compared with a statewide average of 22. Other state agencies engaged in similar safety programs have succeeded in materially reducing their accident frequency rates and it is expected the same results will occur in the Department of Conservation.

Additional staffing has also been provided for the Division of Soil Conservation to handle a backlog of requests from soil conservation districts for reconnaissance studies. These studies will establish which of several assistance programs a local district may qualify for.

Parks and Recreation

The state park system consists of 195 beach, park and historical monument units covering in excess of 700,000 acres. Thirty of these units are operated by local governments. There are 5,355 campsites and 5,274 picnic units available for use at the present time. During 1964-65 an additional 636 campsites and 125 picnic units will provide added recreational developments to meet the backlog of user demand. Another special demand area will be met with the opening of a second tour at Hearst Castle. Heavy use of all these facilities will require a stepped-up maintenance program, and a new fee schedule adopted this year will assist in offsetting these increased costs.

In the area of recreation associated with state water projects, Beaches and Parks working with Water Resources, have provided initial development at Frenchman and Antelope Reservoirs which were constructed in accordance with the California Water Development Plan. Beaches and Parks is currently engaged in planning for developments at three additional reservoir sites. Initial facilities for recreation will be available at the time these reservoir projects are complete.

A major land acquisition program is underway in the Division of Beaches and Parks financed from a special appropriation of \$19.1 million at the 1963 session. Under this accelerated program, 21 projects will be acquired which would otherwise have been lost to the State. In addition, a bond issue for \$150 million for recreational acquisition and development projects will be presented to the people in November 1964.

The Division of Small Craft Harbors recently assumed responsibility for registration of all vessels from the Department of Motor Vehicles. The division regulates over 300,000 small craft owners. This number is increasing by approximately 12,000 annually. The activities of this division are expanding to handle increased registration and implement new legislation that provides for boating safety and regulation.

Legislation in 1963 increased the amount to be transferred annually from the Motor Vehicle Fuel Fund into the Small Craft Harbor Revolving Fund from \$750,000 to \$2,000,000. In addition, starting on July 1, 1964, all proceeds from licensing and registering vessels will go to the Small Craft Harbor Revolving Fund rather than to the General Fund. Also, all funds in the Small Craft Harbor Revolving Fund will now be subject to specific appropriation by the Legislature.

These legislative measures dedicated funds coming from boating interests to programs furthering boating developments and regulation, and new boating facilities are therefore proposed to be financed from the Small Craft Harbor Revolving Fund.

Agriculture

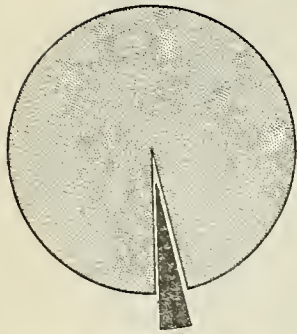
The Department of Agriculture will receive modest increases to meet additional demands for inspection and other services related to the growth of the State. New responsibilities have been assumed relating to the district agricultural associations during the current year as a result of the transfer of the Division of Fairs and Expositions to the Department of Agriculture from the Department of Finance. In conjunction with the federal government, a program aimed at eradication of hog cholera will be undertaken during 1964-65 as part of the national effort to bring this disease under control.

State Fair

The State Fair and Exposition, in addition to its customary fall event, will present a 25-day Spring Fair from March 11 to April 4. This program will include a statewide high school industrial arts competition; a showing of the permanent State Fair art exhibit; a textile show; Angus show and sales; and will be highlighted by a 21-day quarter horse racing meet. Costs of this program will be offset by revenues except for state support of the high school industrial arts program.

The State Fair Horse Show, having been staged for over 100 years, is the oldest in the Western United States. It was moved from the Fall Fair to the Spring Fair in 1961 because of a conflict in stabling for both race horses and show horses in facilities that are barely adequate for only one group. However, by moving the Spring Fair dates to March and April, and with the addition of a racing program, the stabling problem again arises. As the earlier dates are unsuitable for a horse show, it is, therefore, proposed to hold the horse show in mid-June when stables are available, and at a time during which weather should be favorable. The horse show program is budgeted on a self-supporting basis at \$81,500.

Corrections—\$105,697,000



3.3% OF TOTAL BUDGET

Youth Authority emphasize rehabilitation rather than retribution. The state's program in this area consists of 2 principal elements—imprisonment, therapy, and training; and the guidance and supervision of those released on parole.

During the 1964-65 fiscal year, the Departments of Corrections and Youth Authority will operate 23 institutions and 41 conservation camps. In addition to these facilities, the State will contribute \$3.7 million for assistance to local communities for the establishment and maintenance of juvenile homes and camps.

Department of Corrections

The Department of Corrections will be charged with responsibility for 40,503 persons during the budget year. Of this total, 27,530 will be incarcerated in one of the department's 14 institutions or in its camps and 12,973 will be under parole supervision.

Table 18

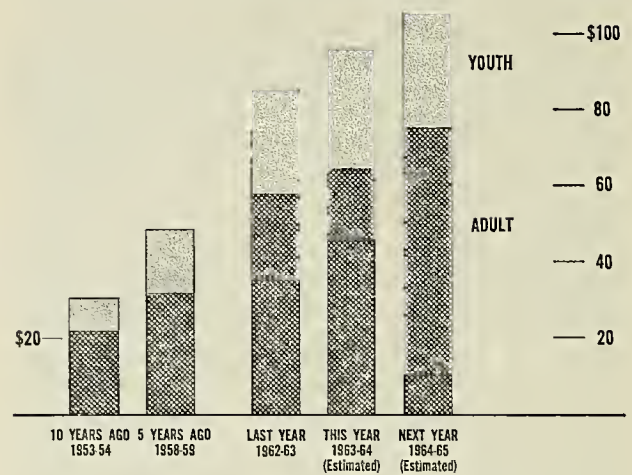
EXPENDITURES FOR YOUTH AND ADULT CORRECTIONS (In thousands)

	1962-63 Actual	1963-64 Estimated	1964-65 Proposed	Change from 1963-64	
				Amount	Pct.
State Operations:					
Youth facilities	\$24,214	\$27,676	\$31,231	\$3,555	12.8
Adult facilities	56,368	63,481	69,761	6,280	9.9
Other	—	66	76	10	15.2
Totals, State Operations	\$80,582	\$91,223	\$101,068	\$9,845	10.8
Capital Outlay:					
Youth facilities	\$317	\$713	\$411	—\$302	—42.3
Bond act program	(1,502)	(13,472)	(16,931)	(3,459)	25.7
Adult facilities	1,129	719	479	—240	—33.4
Bond act program	(14,434)	(5,620)	(13,306)	(7,686)	136.8
Totals, Capital Outlay	\$1,446	\$1,432	\$890	—\$542	—37.9
Bond act program	(15,936)	(19,092)	(30,237)	(11,145)	58.4
Local Assistance:					
Juvenile homes and camps	\$2,643	\$3,013	\$3,190	\$177	5.9
Construction of juvenile institutions	305	644	535	—109	—16.9
Other	27	14	14	—	—
Totals, Local Assistance	\$2,975	\$3,671	\$3,739	68	1.9
Grand Totals	\$85,003	\$96,326	\$105,697	\$9,371	9.7
Bond act program	(15,936)	(19,092)	(30,237)	(11,145)	58.4

An expansion of the employment of snitable inmates in the conservation of our natural resources will continue to develop. During 1964-65 approximately 4,200 inmates will be involved in the conservation program. Rather than 1 conservation center and 2 branches, legislation of 1963 created 3 separate conservation centers. The third center, Sierra Conserva-

Chart 14

COMPARATIVE EXPENDITURES FOR CORRECTIONS (In millions)



tion Center, now under construction, will be completed during 1965.

The nonfelon narcotic treatment and control program initiated in 1962-63 will involve approximately 3,100 persons. In addition to institutional confinement and treatment conducted at the California Rehabilitation Center, the program involves intensified parole supervision and treatment.

In light of the continued growth in prison population which is directly related to total state population growth, and in the face of increasing costs of building and maintenance, it is particularly important that the parole and associated programs be given proper emphasis. To this end, a revision in parole supervision and services is proposed. In recognition of the fact that all parolees do not require the same level of supervision, the parole population will be divided into 3 distinct classes, each receiving a different level of service. The classifications will differentiate between those who may be prone to violence or require special services, those who require a normal level of supervision, and those who are expected to succeed with minimum guidance. This program will be initiated by including only a portion of those deemed to require special services at the increased level of supervision and a portion of those classified as the regular group. All parolees in the minimum group will be given supervision at a reduced level. To further strengthen the parole function, a training program for new parole agents will be initiated.

As an adjunct to the parole program, the community center and halfway house programs are proposed for expansion. The expansion will include two centers for nonfelon narcotic addicts established on an interim basis in 1963-64 and the State's assumption of full responsibility for the East Los Angeles halfway house which has been financed up to this time from federal funds.

During the 1963-64 fiscal year, an administrative reorganization transferred the administration of the women's parole function to the Division of Parole and Community Services. This was done by agreement

with the Board of Trustees, Institution for Women.

The major proposal of the capital outlay program consists of new construction at the Correctional Institution at Tehachapi, which will add a 640-bed living unit plus 30 hospital and 20 isolation beds adjacent to the existing facility, and 160 additional beds at the existing facility. Other proposals designed to provide capacity include planning and working drawing funds for a 1,200-man special security unit at Vacaville and site acquisition and planning funds for a medical correctional institution in Southern California.

This latter unit of 1,200 capacity is planned as a part of a proposed 3,600-bed complex which will be necessary to meet the projected number of male felons in institutions by 1972.

Department of the Youth Authority

The Department of the Youth Authority is smaller than the Department of Corrections both in number of wards and size of facilities. Youth Authority, however, provides a more intensive treatment in its institutions and wards are incarcerated shorter periods of time than inmates in a Department of Corrections institution. The more intensive treatment program is justifiable in that society has a greater stake in the rehabilitation of youth. Being younger, the released ward presents a greater potential career as a productive member of society than does the Department of Corrections parolee.

A total of \$31.2 million is recommended for operating and maintaining nine institutions and four forestry camps, housing 4,964 wards. In addition, an average of 13,289 wards will be under parole supervision. Parole has proved to be a more economical way of rehabilitating wards and helping them to readjust to a free society as productive and useful citizens.

The budget provides \$431,000 for increased surveillance, supervision and treatment of wards who have a history of, or potential for, violent acts against persons and property. This new approach to parole management will allow parole agents more time for treatment of that segment of the parole population which appears to be violence-prone. To prepare newly hired parole agents to handle their caseloads in a more intelligent and sophisticated manner, a two-week training program for the new agents is planned.

A proposal to provide funds for clothing and incidental expenses for wards placed in foster homes is included in the budget. This proposal also includes placement of those cases needing special care. Correction of staffing deficiencies in the most critical areas of need is also proposed, totaling \$212,000.

An increase in the rate of commitments plus general statewide population increases has caused institutional populations to grow at a rate greater than originally anticipated when planning the 1963-64 and 1964-65 Budgets. As a result of this, \$1,500,000 has been included in the budget to develop programs to handle excess population. Of the total amount, \$500,000 is allocated for 1963-64 requirements and \$1,000,000 for needs in 1964-65.

Communities that combat juvenile delinquency and provide rehabilitation at the local level will continue

to share in state local assistance programs. A total of \$535,000 is proposed to aid cities and counties in the construction of 205 detention beds and \$3.2 million is provided in 1964-65 to help maintain a population of 2,798 boys and girls in 45 juvenile homes and camps. Assistance to the City of San Diego for checking juveniles crossing into Mexico at the San Ysidro Border Station is continued.

Despite efforts devoted to the struggle against juvenile delinquency in terms of more effective correctional and rehabilitation programs, additional facilities will be needed.

The capital outlay program totals \$17,342,000 for 1964-65. The major portion of this program includes construction of the second and third units at the Northern California Youth Center near Stockton to provide an additional 800 beds at a cost of \$12.6 million. Construction of an administration building plus equipment for the first institution together with planning funds for a laundry and a girls unit will total another \$1,965,000 at this center. Other items include construction of a 100-bed reception center at the Ventura School for Girls and a living unit at Fred C. Nelles School for Boys. Funds are also included for initial planning for a Southern California Youth Center, to adjoin the present Youth Training School at Ontario.

Fiscal Affairs and General Administration— \$52,871,000

Judged by any criterion, California State Government is a major business. It differs somewhat, however, from activities in the private sector of the economy in that the administration of governmental funds represents a public trust. For this reason every effort is made to assure the highest levels of integrity and economy in conduct of the State's business affairs.

Included within this group are the tax collection agencies, executive, business management, general services, and similar activities.

Tax Collection

Although the major tax collection responsibility continues to be divided among the State Board of Equalization, the Franchise Tax Board, and the State Controller, the Department of Motor Vehicles will enforce use tax provisions regarding motor vehicles for the Board of Equalization starting in the current year.

The 1963 Legislative Session extended the coverage of the use tax to certain in-state purchases of automobiles. This tax as well as the use tax on automobiles purchased out-of-state for use in California will be collected for the Board of Equalization by the Department of Motor Vehicles at the time of registration of the vehicle. The cost of this collection service is to be reimbursed to the Department of Motor Vehicles by the Board of Equalization.

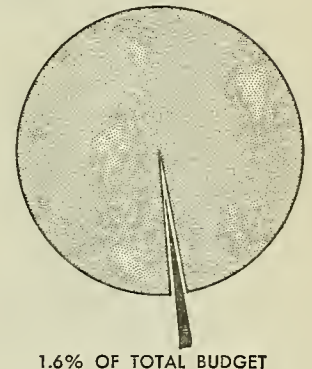


Table 19
EXPENDITURES FOR FISCAL AFFAIRS
AND GENERAL ADMINISTRATION
(In thousands)

	1962-63 Actual	1963-64 Estimated	1964-65 Proposed	Change from 1963-64 Amount	Pct.
State Operations:					
Control and Management:					
Board of Control	\$18	\$26	\$26	—	—
Controller	3,408	3,553	3,712	\$159	4.6
Department of Finance (excluding fairs)	8,338	4,640	3,564	—1,076	—23.2
Executive	1,004	1,106	1,137	31	2.8
General Administration	3,883	9,297	12,574	3,277	35.2
Treasurer	355	395	414	19	4.8
Architecture and Building Standards Commission	—	—	—	—	—
Subtotal	\$17,006	\$19,017	\$21,427	\$2,410	12.7
Tax Collection:					
Board of Equalization	\$16,615	\$17,968	\$18,732	\$764	4.3
Controller	734	811	823	12	1.5
Franchise Tax Board	9,340	10,195	10,886	691	6.8
Subtotals	\$26,689	\$28,974	\$30,441	\$1,467	5.1
Totals, State Operations	\$43,695	\$47,991	\$51,868	\$3,877	8.1
Capital Outlay:					
Office buildings, etc.	\$510	\$3,118	\$1,003	—\$2,115	—67.8
Bond act program	(121)	(560)	(438)	(122)	—21.8
Grand Totals	\$44,205	\$51,109	\$52,871	\$1,762	3.4
Bond act program	(121)	(560)	(438)	(122)	—21.8

Tax laws and requirements are among the most complex in contemporary society. Every citizen is affected. Self assessed tax programs depend upon each taxpayer's understanding and cooperation. With the influx of new citizens to our State and the frequent updating of tax laws, misunderstandings as to taxpayer's responsibility frequently occur. It is proposed to reduce these misunderstandings and to assure that state tax law requirements are presented in easily understood language by including tax information programs for the Franchise Tax Board and the State Board of Equalization.

The Franchise Tax Board's Data Processing System, authorized by the 1963 Legislature for installation in Mid 1963-64 will operate on a full year basis for 1964-65. This system will permit the electronic processing of information by automation from the Internal Revenue Service data, the accounting of personal income tax receivables, the statistical analysis of returns, and the computation of the annual bank and corporation tax rates.

General Services

The new Department of General Services authorized by the 1963 Legislature combines the business management activities to provide centralized services in State Government. Specialized skills and techniques in the field of architecture, property acquisition, construction, building maintenance and protection, purchasing, printing, transportation, communications and administrative hearings are among the more significant activities included herein to produce greater efficiency in State Government. The new State Fair will be planned and developed through a non-profit corporation which will be directed by the State Exposition and Fair Executive Committee.

Finance

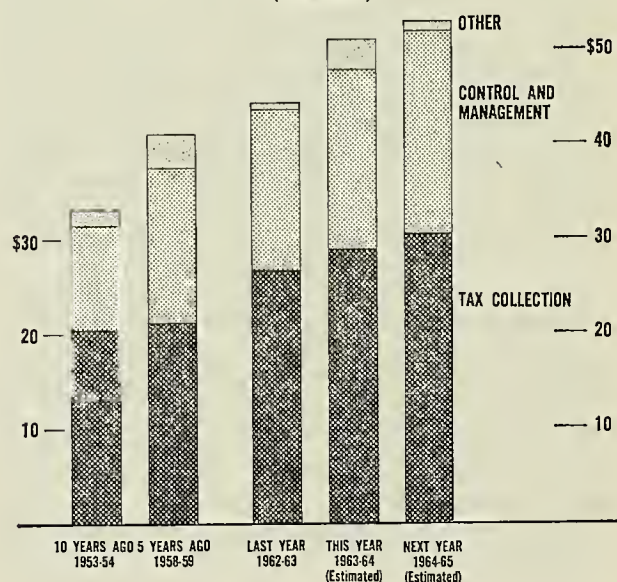
The transfer of business services to the newly created Department of General Services enables the concentration within the Department of Finance of the general supervision over State Government's fiscal policies. A new Office of Housing is proposed within this budget to develop a housing program to meet the growing needs of California citizens. The administration will also request enabling legislation creating the Office of California Development at the 1964 Session of the Legislature. This Office of California Development is planned to stimulate the State's economy through vigorous promotion of our State's industrial and agricultural products, tourist attractions, world trade significance, and plant site and labor force potential.

Secretary of State

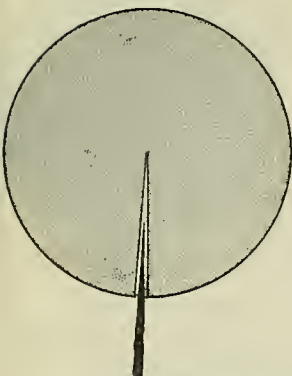
During election years the Secretary of State publishes and distributes pamphlets containing the text of proposed amendments to the constitution, propositions and other ballot measures together with arguments thereon. It is anticipated that a School Building Aid Bond issue permitting authorization of the Public School Building Program will appear on the June primary ballot. The estimated cost of \$60,000 is reflected in 1963-64. Expenditures for measures appearing on the November general election ballot are estimated at \$190,000 and are included in the 1964-65 budget.

To prevent the steady deterioration of many historically valuable records held by the Secretary of State, it is planned to add a small records preservation laboratory which will preserve permanently a sampling of the more important documents. This laboratory will be staffed with only one position, and after the initial equipment investment, the annual cost will be modest in relation to the value of the records so preserved.

Chart 15
COMPARATIVE EXPENDITURES FOR FISCAL AFFAIRS
AND MANAGEMENT
(In millions)



Business and Commerce—\$34,673,000



1.1% OF TOTAL BUDGET

Included within this category are the expenditures of the several agencies of the State Government concerned with regulating and licensing business, commercial, professional and occupational enterprises in California. The agencies comprising this functional category are the Public Utilities Commission, the Department of Professional and Vocational Standards, the Department of Alcoholic Beverage Control and the Appeals Board, the Department of In-

vestment, and similar organizations. Concurrently with and as a direct result of the continued growth of the State's economy, the number of businesses and individuals subject to regulation has increased continuously in the past four years.

Public Utilities Commission

Over the last few years, the Public Utilities Commission has been actively participating in Federal Power Commission proceedings involving the pricing of out-of-state natural gas. In 1963 the Federal Power Commission ruled in favor of California and ordered the El Paso Natural Gas Company, the major supplier of the state's natural gas, to refund a total of \$30.5 million to California consumers. This refund was passed on directly to the customers of the California utilities by credits to their monthly statements. In late 1963, as a direct result of negotiations between

the El Paso Natural Gas Co. and the Public Utilities Commission, the Federal Power Commission confirmed a second refund of an additional \$95.9 million to California consumers making a total of \$126.5 million in direct refunds to California consumers. Further orders of the Federal Power Commission and commitments on the part of the producer, when converted to dollars, will amount to approximately \$74.4 million in reduced rates over the three-year period beginning in 1963. The combined refunds and savings exceed \$200 million.

The California Commission is continuing to press for improved pricing methods for production of natural gas at the wellheads. These improved pricing methods are being brought about by increasing the B.T.U. content as well as lowering the price per cubic foot. If these efforts are successful California consumers will once again be recipients of an estimated \$62.9 million in refunds plus an estimated \$21 million in reduced rates over a three-year period. Until such time as the California Commission is satisfied with the pricing of imported natural gas no reduction in staff is expected.

In view of recent railroad crossing disasters, the Commission has concentrated several members of its staff on the problems of private railroad crossings, the impact of urbanization on existing crossings, and the relocation of industries along railroad right-of-way. The Commission has included three new positions in the 1964-65 Budget to accelerate its study of this problem.

Real Estate

The enactment of new out-of-state and in-state subdivision laws by the 1963 Legislature highlight the activities of the Division of Real Estate in 1963-64 as well as in future years. This new legislation vests in the Division authority to deny the right to sell or offer to sell to California residents any out-of-state or in-state subdivided land offering until standards and conditions established by law and rules adopted by the Commissioner have been fulfilled. As a result of the enactment of these statutes great strides have been made in the prevention of the fraudulent and unscrupulous land sale practices.

Savings and Loan

In 1963 the Division of Savings and Loan reported that their investigations had disclosed questionable lending practices by a number of state-licensed associations. To preserve the financial integrity of these associations, as a matter of public interest and con-

Chart 16
COMPARATIVE EXPENDITURES FOR
BUSINESS AND COMMERCE
(In millions)

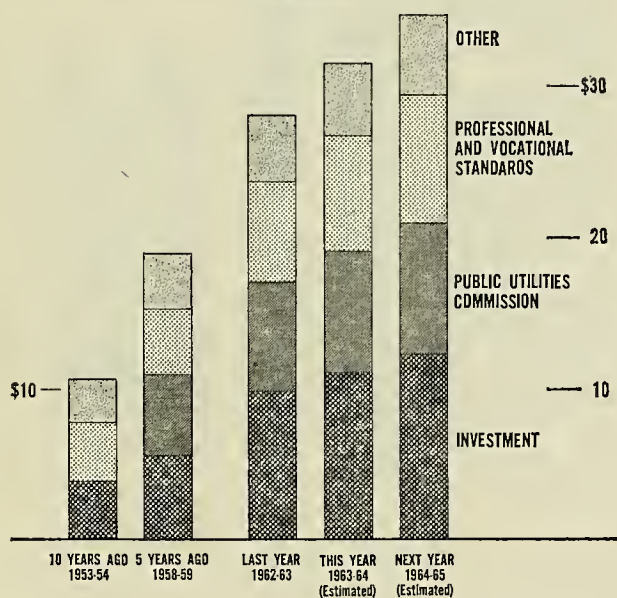


Table 20
EXPENDITURES FOR BUSINESS AND COMMERCE
(In thousands)

	1962-63 Actual	1963-64 Estimated	1964-65 Proposed	Change from 1963-64	
				Amount	Pct.
State Operations:					
Public Utilities Com-					
mission	\$7,215	\$8,009	\$8,793	\$784	9.8
Professional and Vocational					
Standards	6,789	7,661	8,428	767	10.0
Alcoholic Beverage Control	4,148	4,658	4,817	159	3.4
Investment	9,885	11,089	12,260	1,171	10.6
Other	113	122	375	253	207.4
Grand Totals	\$28,150	\$31,539	\$34,673	\$3,134	9.9

cern, the Division has initiated an accelerated audit and investigation program to curb and discourage questionable lending and financial practices. Initially, this program will be on a limited scale, but expansion is planned in 1964-65 and further emphasis in this area is planned until such time as the Division is certain that the industry is responding favorably to the increased regulatory efforts.

Alcoholic Beverage Control

The 1963 Legislature increased the regulatory authority of this Department by adding statutes that covered the enforcement of the Fair Trade Laws as applied to the sale of Alcoholic Beverages in California. To enforce these new laws, a total of 35 new positions were added in 1963-64 and are continued on a permanent basis in 1964-65.

Department of Professional and Vocational Standards

The Department of Professional and Vocational Standards coordinates and supervises the administrative and fiscal affairs of 30 member boards, bureaus, and commissions in addition to four of its own divisions. These boards, bureaus, and commissions regulate in excess of 600,000 persons practicing more than 50 occupations or professions. In addition to the estimated 1,964 positions, consisting of 259 board and committee members, 605 permanent employees and 1,100 part-time positions, a total of 61.5 new positions are included in 1964-65. With the exception of a relatively few positions related to legislation enacted in the 1963 Session, most of the new positions are necessary to handle increased workload.

To curb the growing unethical practices of electronic repair dealers, the 1963 Legislature created the Bureau of Electronic Repair Dealer Registration which will require permanent authorization in 1965. This Bureau will function in a manner similar to other boards and commissions in the Department by adopting uniform standards of competence and performance and the licensing of persons who are engaged in this field.

In addition, the 1963 Legislature enacted laws to regulate marriage counselors and provided for the Director of the Department of Professional and Vocational Standards to administer these laws. This regulatory body was created to insure that only those persons meeting the standards of competence and conduct established by the Director are permitted to practice this profession.

In response to industry-wide concern over the level of competence of unlicensed building designers, the 1963 Legislature also enacted laws requiring building designers to register with the Board of Architectural Examiners. These new registrants will have until the year 1972 to become qualified as licensed architects. Subsequent to that date, only those persons meeting the Board's requirements will be licensed.

Public Safety—\$23,769,000

The eighth in the categories used in this analysis is composed of those agencies responsible for the protection of the public and the preservation of law and order: the Disaster Office, the Fire Marshal, the Department of Justice, the Military Department, and the Department of Veterans Affairs.

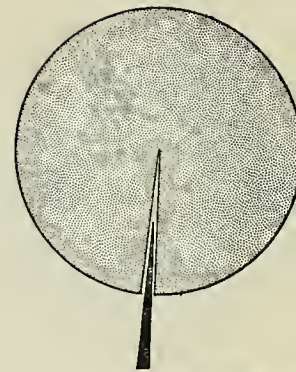
Disaster Office

The ever-present possibility of natural disaster, coupled with the continuing state of tension in international politics, requires that the Disaster Office maintain its readiness and capability to perform its role: co-ordination of emergency relief operations.

Principal items of increase in the Disaster Office budget are in programs for the replacement of deteriorated stockpiles of drugs and other medical supplies and for the replacement of worn-out fire trucks. These essential items, plus certain improvements in communications equipment, necessitate increasing the budget for this agency to \$1.4 million.

State Fire Marshal

The budget for the Fire Marshal reflects an increase in direct regulation and enforcement and a continuance of the traditional consultative role. The positions added in this budget are to meet expanding workload in regulatory programs for fire prevention and protection. Particularly significant this year is the addition of a fire studies specialist to compile and analyze



0.7% OF TOTAL BUDGET

Table 21
EXPENDITURES FOR PUBLIC SAFETY
(In thousands)

	1962-63 Actual	1963-64 Estimated	1964-65 Proposed	Change from 1963-64 Amount	Pct.
State Operations:					
Atomic Energy and Radiation Protection	—	—	—	—	—
Disaster Office	\$1,029	\$914	\$1,414	\$500	54.7
Fire Marshal	659	689	770	81	11.8
Justice	9,159	10,049	11,698	1,649	16.4
Military affairs	2,846	3,135	3,364	229	7.3
Veterans affairs	7,081	7,916	4,580	—3,336	—42.1
Totals, State Operations	\$20,774	\$22,703	\$21,826	—\$877	—3.9
Capital Outlay:					
Military affairs	\$637	\$888	\$377	—\$511	57.5
Bond act program	—	87	230	143	164.4
Veterans affairs	18	—	469	(469)	—
Bond act program	187	—	—	—	—
Totals, Capital Outlay	\$655	\$975	\$607	—\$368	—37.7
Local Assistance:					
Veterans Service Officers	\$500	\$500	\$500	—	—
Peace Officers Training	669	470	781	311	66.2
Other	47	49	55	6,000	12.2
Totals, Local Assistance	\$1,216	\$1,019	\$1,336	\$317	31.1
Grand Totals	\$22,645	\$24,697	\$23,769	—\$928	—3.8
Bond act program	(187)	—	(469)	(469)	—

data on fires and explosions in schools, institutions, and public assembly structures. This will fill a previously unmet need and provide a basis for program planning and evaluation in the office of the State Fire Marshal.

Justice

In 1963 the Department of Justice initiated action to obtain a decision from the United States Supreme Court for a definition of the 3-mile off-shore limits, whether or not the State rather than the Federal Government has the authority to issue drilling permits to the disputed off-shore areas and a determination of entitlement to oil royalties from wells situated in these areas. In the event that the current out-of-court negotiations fail to produce a mutually satisfactory agreement, the department is continuing to gather evidence and prepare briefs essential for formal court proceedings.

The 1964-65 Budget continues to provide funds for support of the Colorado River litigation, but at a reduced level compared to 1963-64 including the deletion of fees paid to special counsel in this case. The court's decree, which was adverse to California, ordered the parties to prepare evidence of "present perfected rights" which will be submitted to the court, probably in mid-1966. No specific date has been set by the court when the allocation of water, based on the evidence of "present perfected rights," will be made to the participating states. Accordingly, funds will be recommended for inclusion in the State's budget at this reduced level through fiscal year 1965-66.

Since September 1962, a total of 609 claims and 133 tort actions have been filed against the State which amount to an estimated \$56.9 million. As a result of legislation enacted at the 1963 session, the

department is now able to begin handling this unusual caseload, much of which will involve prolonged litigation.

Military Department

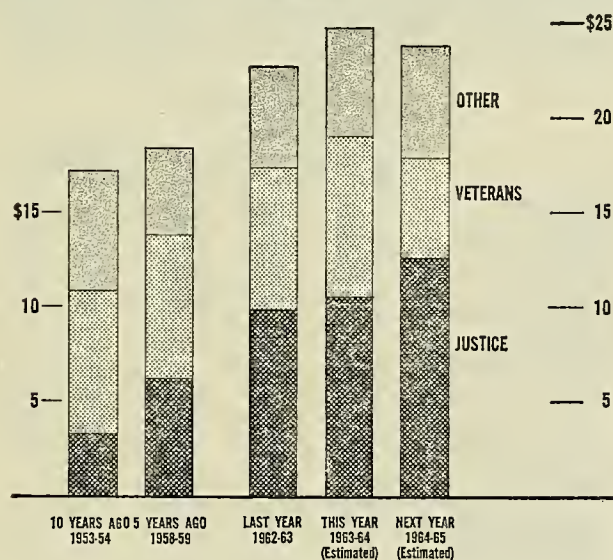
The Military Department includes the California National Guard, the California National Guard Reserve, and the California Cadet Corps. The purpose of the National Guard is to provide an organization prepared for federal mobilization in time of national emergency. The National Guard Reserve is the cadre for internal security if the California National Guard is called into active federal service. The California Cadet Corps provides a program of military education for high schools and junior colleges. Staff strengthening of certain reorganized functions is provided in the budget year.

Veterans Affairs

The major activities of the Department of Veterans Affairs are operating the Veterans' Home of California, assisting California veterans in the purchase of homes and farms, providing financial assistance for education of veterans and their dependents, and operating a claims and rights service.

Since the state program of educational assistance to veterans is no longer a priority item for General Fund support, it is proposed that the program be financed from surpluses in the Farm and Home Building Fund. Because of the availability of this special fund surplus, financing for the education of dependents of veterans is also transferred from the General Fund to this fund. At the Veterans' Home, additional capacity will be provided in the hospital, and a training program will be inaugurated.

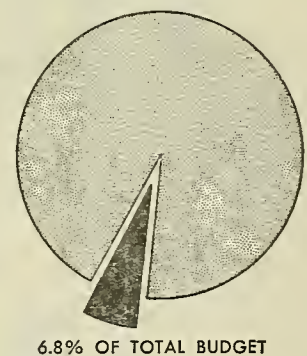
Chart 17
COMPARATIVE EXPENDITURES FOR PUBLIC SAFETY
(In millions)



Other Expenditures—\$219,935,000

Because of the diversity of State programs, there are a number which cannot be readily and appropriately included in any of the foregoing eight major functional groupings. To provide the comprehensive overview of the State's budget intended by this analysis, these activities are covered in this final category. Within this grouping are included the costs of the legislative and judicial branches of California's government and the Departments of Employment and Industrial Relations.

Of the \$220.4 million in expenditures programmed for this functional area it is most important to recognize that more than \$176.2 million is for assistance to local governments—payments to cities, counties, and districts of tax collected by the State but returned to these local jurisdictions for their use.



Judicial

As a result of a State Supreme Court decision requiring appointment of counsel when requested by an indigent, appellant costs for criminal appeal fees in the Supreme Court and several District Courts of Appeal are estimated to increase \$81,350 in 1963-64 and \$65,350 in 1964-65. Provision is made in the Judicial Council budget to develop a much-needed program of improved informational services within the court system as well as a public information program to improve public understanding of judicial actions.

In Local Assistance for the State's share of salaries of Superior Court Judges there is an increase of \$142,000 in 1964-65 as a result of 12 new judgeships authorized at the 1963 General Session of the Legislature. Since 11 of these judgeships became effective during 1963-64 nearly \$102,000 more will be required in the current year. These additional Superior Court judgeships coupled with 18 new Municipal Courts increase the state's contributions to the Judges' Retirement Fund by nearly \$20,000 in 1963-64 and \$24,000 in 1964-65.

To provide sufficient funds to pay retirement benefits it will be necessary to increase both the state and members' contribution rate. This rate increase will add \$518,400 to the State's contribution for judges' retirement in 1964-65. Adjustment of the retirement contribution, together with a proposed increase in judicial salaries, will be the subject of legislation to be submitted at the 1964 session.

Employment

Although the State Department of Employment is supported largely from federal subventions and Trust Funds and such expenditures are not included in the budget totals, the size and significance of this agency justify review here. Program costs will in-

crease from \$774 million in 1963-64 to \$867 million in 1964-65, including increases of \$76 million in unemployment benefit payments, \$11 million in disability insurance benefit payments, and \$6 million in administrative costs. Of continued significance in the programs of this agency are the job training activities being conducted under provisions of the Federal Manpower Development and Training Act in cooperation with the Departments of Education and Industrial Relations. It is estimated that 13,000 trainees will be enrolled in courses under these programs at a cost to the Department of Employment of \$5,784,000 in 1964-65. In an effort to meet a farm labor supply problem occasioned by the anticipated termination of Public Law 78, which authorized the Mexican Farm Labor Program, all phases of the farm labor service are being strengthened by the addition of 96 positions in 1964-65.

Provision has also been made for the activities of the new Commission on Manpower, Automation and Technology whose purpose it is to conduct a continuous appraisal of the impact of changing technology on California's work force. This Commission was authorized during the 1963 General Session of the Legislature and it is expected that much useful information will be developed through its efforts.

Industrial Relations

To meet the objective of improving the welfare of the wage earners of the State, a significant increase of 14.5 over 1963-64 levels for the budget of the Department of Industrial Relations is necessary. Included in the 1964-65 Budget total of \$17.8 million, is an increase of 35 additional safety engineers to strengthen efforts to reduce California's work injury rate, particularly in the high-hazard construction industry. Complaints of discriminatory employment practices continue to grow, requiring moderately increased staffing in the Division of Fair Employment Practices. Still more marked increases are being experienced in complaints regarding employment conditions of women and minors, and in the 10% caseload

Chart 18
OTHER EXPENDITURES
(In millions)

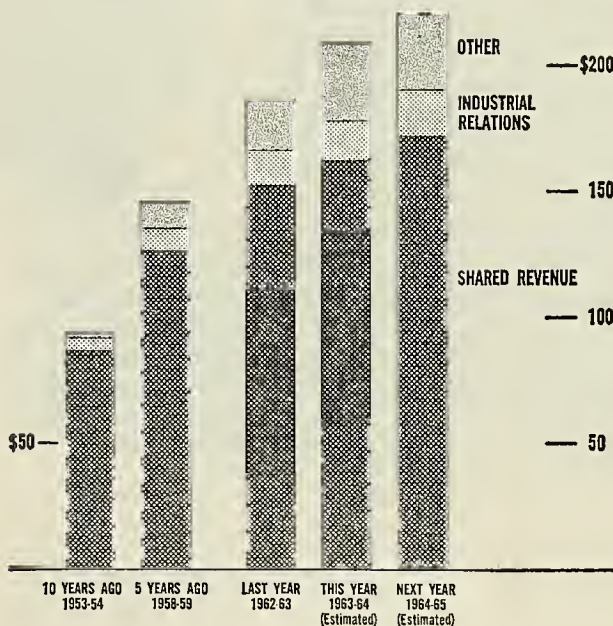


Table 22
OTHER EXPENDITURES
(In thousands)

	1962-63 Actual	1963-64 Estimated	1964-65 Proposed	Change from 1963-64 Amount	Pct.
State Operations:					
Legislature	6,588	6,845	8,873	2,028	29.6
Judicial	3,166	3,477	3,644	167	4.8
Industrial Relations	13,412	15,256	17,852	2,596	17.0
Department of Employment	274	484	424	-60	-12.4
Miscellaneous	4,715	8,492	10,863	2,371	27.9
Totals, State Operations	28,155	34,554	41,656	7,102	20.6
Capital Outlay:					
Unallocated capital outlay	-	233	400	167	71.7
Unallocated bond act program	(663)	(2,075)	(500)	(-1,575)	(-75.9)
Other	-63	435	1,631	1,196	274.9
Totals, Capital Outlay	-63	668	2,031	1,363	204.0
Bond act program	(663)	(2,075)	(500)	(-1,575)	(-75.9)
Local Assistance:					
Return of:					
Vehicle license fees	140,725	150,550	159,660	9,110	6.1
Liquor license fees	11,398	10,785	10,980	195	1.8
Highway rental receipts	524	726	820	94	12.9
Judges' salaries and retirements	4,364	4,541	4,584	43	0.9
Earthquake and storm damage	856	5,600	-126	-5,726	-
All other	231	306	330	24	7.8
Totals, Local Assistance	158,098	172,508	176,248	3,740	2.2
Grand Totals	186,190	207,729	219,935	12,206	5.9
Bond act program	(-663)	(2,075)	(500)	(-1,575)	(-75.9)

increases estimated for both 1963-64 and 1964-65 in wage payment and other labor law enforcement functions. In order to handle this workload 43.6 positions at a cost of \$379,000 have been added in the Divisions of Industrial Welfare and Labor Law Enforcement.

The addition of 20 referee teams in the Division of Industrial Accidents at a cost of \$784,000 is necessary because of filings which have been increasing by 15% each year. The activities of the new Workmen's Compensation Study Commission, established by 1963 legislation and reported in this budget, are expected to

be helpful in determining causes and characteristics of the workload in this area.

Of considerable importance in the Division of Apprenticeship Standards, and in addition to the increased workload activities on apprenticeship, are the on-the-job training activities being carried on under provisions of the federal Manpower Development and Training Act; and the provision for establishment of Apprenticeship Training and Information Centers in cooperation with the Departments of Employment and Education.

Table 23

STATE EXPENDITURE TRENDS AND RELATIONSHIP TO POPULATION AND INCOME

Fiscal Year	State Expenditures				Expenditures per Capita				Expenditures per \$100 of Personal Income			
	State Operations (Thousands)	Capital Outlay (Thousands)	Local Assistance (Thousands)	Total (Thousands)	State Operations	Capital Outlay	Local Assistance	Total	State Operations	Capital Outlay	Local Assistance	Total
1940-41-----	\$111,175	\$20,094	\$142,596	\$273,865	\$15.67	\$2.84	\$20.10	\$38.61	\$1.90	\$0.35	\$2.44	\$4.69
1941-42-----	88,627	23,147	146,172	257,946	12.35	3.23	20.38	35.96	1.24	0.32	2.05	3.61
1942-43-----	93,963	16,717	140,181	250,861	12.64	2.25	18.86	33.75	1.00	0.18	1.50	2.68
1943-44-----	85,188	15,399	164,074	264,661	10.89	1.97	20.96	33.82	0.71	0.13	1.36	2.20
1944-45-----	87,988	18,091	200,411	306,490	10.60	2.18	24.13	36.91	0.67	0.14	1.52	2.33
1945-46-----	108,979	40,766	192,430	342,175	11.53	4.31	20.36	36.20	0.72	0.27	1.26	2.25
1946-47-----	142,109	86,261	241,310	469,680	14.66	8.89	24.89	48.44	0.88	0.54	1.50	2.92
1947-48-----	188,117	97,665	371,942	657,726	18.91	9.82	37.39	66.12	1.13	0.59	2.23	3.95
1948-49-----	225,466	167,828	490,325	883,619	22.11	16.45	48.04	86.60	1.28	0.96	2.78	5.02
1949-50-----	248,044	258,805	547,989	1,054,838	23.65	24.67	52.24	100.56	1.39	1.45	3.07	5.91
1950-51-----	263,055	200,343	542,941	1,006,339	24.16	18.40	49.87	92.43	1.34	1.02	2.77	5.13
1951-52-----	294,483	180,989	592,600	1,068,072	25.87	15.90	52.06	93.82	1.30	0.80	2.61	4.70
1952-53-----	320,282	207,218	649,219	1,176,719	26.98	17.46	54.69	99.13	1.28	0.83	2.59	4.69
1953-54-----	346,907	286,897	747,596	1,381,400	28.18	23.31	60.74	112.23	1.30	1.08	2.81	5.19
1954-55-----	368,529	278,032	775,891	1,422,452	28.88	21.79	60.80	111.47	1.34	1.01	2.83	5.19
1955-56-----	402,370	287,321	843,120	1,532,811	30.27	21.61	63.43	115.31	1.33	0.95	2.79	5.07
1956-57-----	462,909	356,307	913,251	1,732,467	33.35	25.67	65.80	124.83	1.39	1.07	2.74	5.21
1957-58-----	541,470	354,788	995,178	1,891,436	37.45	24.54	68.83	130.81	1.52	1.00	2.80	5.32
1958-59-----	584,859	254,227	1,092,528	1,931,614	38.95	16.93	72.76	128.65	1.57	0.68	2.93	5.19
1959-60-----	634,665	239,527	1,211,391	2,085,584	40.75	15.38	77.77	133.90	1.55	0.58	2.96	5.09
1960-61-----	722,937	503,921	1,298,537	2,525,394	44.74	31.19	80.36	156.29	1.67	1.17	3.01	5.85
1961-62-----	778,959	275,626	1,351,633	2,406,218	46.51	16.46	80.70	143.67	1.70	0.60	2.95	5.26
1962-63-----	863,465	345,444	1,493,909	2,702,818	49.74	19.90	86.06	155.70	1.76	0.70	3.04	5.49
1963-64-----	958,320	488,392	1,687,885	3,134,597	53.32	27.17	93.91	174.40	1.83	0.93	3.22	5.98
1964-65-----	1,055,611	312,771	1,895,217	3,263,599	56.87	16.85	102.10	175.81	1.90	0.56	3.41	5.87

Table 24

PERSONNEL MAN-YEARS AND SALARY COSTS

	Actual 1962-63		Estimated 1963-64		Estimated 1964-65		Proposed New 1964-65	
	Personnel man-years	Amount	Personnel man-years	Amount	Personnel man-years	Amount	Personnel man-years	Amount ^a
BY FUNCTION								
Legislative	191.5	\$1,354,843	186.3	\$1,342,591	197.8	\$1,414,790	-	-
Judicial	215.8	2,512,815	224.8	2,626,890	226.3	2,674,074	2.1	\$15,504
Executive	226.5	1,837,017	244.9	1,943,128	240.8	1,997,698	3	22,092
General Administration	1,781.6	11,737,030	3,850.9	21,078,917	4,290	26,759,219	226.6	1,303,749
Agriculture	2,085.8	13,953,826	2,129.2	14,519,834	2,148.8	14,530,437	52.8	277,946
Corrections	7,875.9	53,389,073	8,712.7	58,678,096	9,297.4	62,356,604	837.5	3,966,914
Education	1,726.4	11,814,261	1,779.3	12,245,585	1,812.3	12,553,992	73.4	441,356
Higher Education	35,416.7	245,249,092	38,377.1	273,603,474	41,141.1	296,292,392	3,140.4	22,449,948
Employment	7,286.9	44,903,751	7,331.4	47,292,389	8,199.8	51,629,025	451.3	2,426,956
Fiscal Affairs	6,491.3	42,304,440	4,904.3	35,880,787	4,975.3	34,118,908	189.1	1,136,374
Health and Welfare	22,894.8	132,029,101	23,884	141,243,982	24,553.1	145,366,594	659.3	3,921,304
Highway Transportation	26,513.7	182,683,089	28,134	196,417,882	28,956.4	207,835,008	1,087	6,205,702
Industrial Relations	2,560.7	18,249,454	2,830.8	20,195,273	3,126.6	22,683,448	319.5	2,523,700
Justice	1,073	7,399,449	1,118.4	7,933,986	1,255	8,940,974	144	865,758
Military Affairs	372.4	2,195,352	377.1	2,303,124	384.1	2,391,268	10.8	54,259
Regulation and Licensing	2,743	20,540,603	2,964.1	22,236,165	3,128.6	23,661,973	210.7	1,297,186
Resources	7,992.7	55,628,600	9,258.4	64,712,216	10,004.4	70,411,268	993.8	6,192,115
Veterans Affairs	1,093.1	6,203,347	1,121.8	6,405,391	1,137.3	6,613,114	17	128,684
Salary Increase	-	-	-	24,628,879	-	56,734,631	-	-
Miscellaneous	439.1	3,358,859	436.9	3,485,968	430.6	3,512,186	-	-
TOTALS	128,980.9	\$857,364,032	138,086.3	\$958,774,557	145,505.7	\$1,052,797,603	8,418.3	\$53,229,547
BY CLASSIFICATION								
Statutory	283.2	4,068,080	291.4	4,264,658	291.4	6,378,118	-	-
Exempt	912.7	8,082,030	958.9	12,352,339	958.5	18,148,505	8.7	82,356
Civil Service	92,394.6	600,169,920	98,489.2	666,838,994	103,148.7	727,626,012	5,272.6	30,727,356
State Colleges:								
Academic	6,164.1	53,480,273	6,649.7	60,741,694	7,168.2	68,053,356	745.9	4,846,955
Nonacademic	5,505.9	32,362,892	6,486.8	36,800,391	7,049.8	40,730,008	695.2	3,503,731
University of California:								
Academic	7,080.2	67,147,413	7,484.9	77,053,163	8,134.2	82,520,155	649.3	5,466,992
Nonacademic	16,143.3	89,300,701	17,204.5	97,844,230	18,217.5	106,270,187	1,013	8,425,957
Other Higher Education Facilities ^b	496.9	2,752,753	520.9	2,879,088	537.4	3,071,262	33.6	176,200
TOTALS	128,980.9	\$857,364,032	138,086.3	\$958,774,557	145,505.7	\$1,052,797,603	8,418.3	\$53,229,547

^a Does not include salary range increases or costs of related services.^b Includes Hastings College of Law, California College of Medicine, Maritime Academy, and dormitory facilities and college auxiliary enterprise staffs.

Schedule 2

COMPARATIVE STATEMENT OF REVENUES FOR THE FISCAL YEARS, 1962-63, 1963-64, AND 1964-65

Sources	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
MAJOR TAXES AND LICENSES:									
Alcoholic Beverage Control Taxes and Licensee:									
Excise Tax on Beer and Wine.....	\$10,659,416	-----	\$10,659,416	\$11,430,000	-----	\$11,430,000	\$12,000,000	-----	\$12,000,000
Excise Tax on Distilled Spirits.....	48,151,976	-----	48,151,976	49,300,000	-----	49,300,000	52,000,000	-----	52,000,000
Liquor License Fees.....	3,353,438	-----	13,938,687	3,321,000	-----	14,121,000	3,300,000	-----	14,300,000
Bank and Corporation Taxes.....	311,250,827	-----	311,250,827	405,750,000	-----	405,750,000	399,100,000	-----	399,100,000
Cigarette Tax.....	70,193,847	-----	70,193,847	72,150,000	-----	72,150,000	73,200,000	-----	73,200,000
Gift Tax.....	5,649,018	-----	5,649,018	6,200,000	-----	6,200,000	5,800,000	-----	5,800,000
Horse Racing (Parimutuel) License Fees.....	33,605,516	-----	41,663,354	34,030,106	-----	42,967,000	36,054,243	-----	45,306,000
Inheritance Tax.....	86,783,149	-----	86,783,149	85,500,000	-----	85,500,000	90,000,000	-----	90,000,000
Insurance Gross Premium Tax.....	77,970,110	-----	77,970,110	104,500,000	-----	104,500,000	93,000,000	-----	93,000,000
Motor Vehicle License Fees ("In Lieu" Tax).....	1,135,000	-----	145,856,673	1,090,000	-----	156,210,000	1,045,000	-----	166,500,000
Motor Vehicle Fuel Tax—Gasoline.....	-----	362,139,974	362,139,974	-----	-----	419,100,000	-----	-----	463,500,000
Use Fuel Tax—Diesel and Liquid Petroleum Gas.....	-----	24,074,998	24,074,998	-----	-----	25,800,000	-----	-----	27,650,000
Motor Vehicle Registration and Other Fees.....	-----	151,364,128	151,364,128	-----	-----	161,100,000	-----	-----	170,300,000
Motor Vehicle Transportation Tax.....	5,000,000	-----	14,105,844	-----	-----	15,200,000	-----	-----	16,000,000
Personal Income Tax.....	322,012,176	-----	322,012,176	389,500,000	-----	389,500,000	382,500,000	-----	382,500,000
Private Car Tax.....	1,807,810	-----	1,807,810	1,846,205	-----	1,846,205	1,900,000	-----	1,900,000
Retail Sales and Use Taxes.....	813,465,455	-----	813,465,455	866,500,000	-----	866,500,000	947,000,000	-----	947,000,000
TOTALS, MAJOR TAXES AND LICENSES.	\$1,791,037,758	\$711,184,704	\$2,502,222,462	\$2,031,117,311	\$797,146,894	\$2,828,264,205	\$2,096,899,243	\$863,156,757	\$2,960,056,000
OTHER REVENUES:									
Architecture Public Building Fund.....	-----	-----	-----	-----	-----	-----	-----	-----	-----
Corporation—Licenses, Permits and Examination Fees.....	-----	-----	-----	-----	-----	-----	-----	-----	-----
County Board Charge:	\$3,218,874	-----	\$3,218,874	\$3,447,717	-----	\$3,447,717	\$3,643,612	-----	\$3,643,612
Mental Hygiene Patients.....	3,496,991	-----	3,496,991	3,402,600	-----	3,402,600	3,485,900	-----	3,485,900
Youth Authority Wards.....	1,299,004	-----	1,299,004	1,421,100	-----	1,421,100	1,489,200	-----	1,489,200
Pay Patients Board Charges—Mental Hygiene Patients.....	15,240,014	-----	15,240,014	15,747,350	-----	15,747,350	16,447,350	-----	16,447,350
Department of Agriculture.....	96,072	-----	7,626,185	99,966	-----	8,013,661	118,771	-----	8,057,972
Professional and Vocational Standards.....	-----	-----	8,037,605	-----	-----	8,283,856	-----	-----	8,176,743
Department of Real Estate.....	-----	-----	2,274,443	-----	-----	2,878,000	-----	-----	8,191,549
Fishing and Hunting Licensee.....	-----	-----	10,759,103	-----	-----	10,910,000	-----	-----	2,943,000
Insurance Fund.....	2,415	-----	2,024,573	-----	-----	2,484,206	-----	-----	11,098,000
Interest on Investments:	-----	-----	-----	-----	-----	-----	-----	-----	1,866,215
California Water Fund.....	-----	3,399,628	3,399,628	-----	-----	1,410,855	-----	-----	367,701
Highway Fund.....	-----	2,370,159	2,370,159	-----	-----	1,800,000	-----	-----	1,900,000
Pooled Money Investments.....	-----	19,940,672	19,940,672	20,709,150	-----	20,709,150	21,984,733	-----	21,984,733
Surplus Money Investments.....	-----	-----	3,718,576	-----	-----	4,025,001	-----	-----	4,224,038
Other Interest Income.....	86,418	-----	679,869	33,790	-----	575,000	31,524	-----	581,524
Oil and Gas Revenues:	-----	-----	-----	-----	-----	-----	-----	-----	-----
Long Beach Harbor.....	-----	11,210,069	11,210,069	-----	-----	13,500,000	-----	-----	14,500,000
Tidelands.....	-----	21,792,840	38,325,277	16,984,802	-----	16,458,198	16,853,245	-----	33,358,000
Federal Lands.....	-----	2,195,818	2,195,818	-----	-----	2,400,000	-----	-----	2,400,000
Penalties and Interest on Unemployment Contributions.....	-----	1,718,499	1,718,499	-----	-----	1,795,000	-----	-----	1,944,000

Schedule 2—COMPARATIVE STATEMENT OF REVENUES FOR THE FISCAL YEARS, 1962-63, 1963-64, AND 1964-65—Continued

Sources	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
OTHER REVENUES—Continued									
Penalties on Traffic Violations.....	5,684,065		5,684,065	6,608,363		6,608,363	7,000,000		7,000,000
Penalties on Criminal Convictions.....		393,808	393,808		675,900	675,900		871,800	871,800
Secretary of State—Fees and Miscellaneous.....	1,489,480		1,489,480	1,536,607		1,536,607	1,584,893		1,584,893
Small Craft License Fees.....	977,809	39,643	1,017,542	300,000	40,000	340,000		40,000	40,000
State Fair and Exposition.....		1,787,177	1,787,177		2,457,827	2,457,827		2,460,221	2,460,221
Transportation Rate Fees.....		3,983,552	3,983,552		4,080,000	4,080,000		3,730,000	3,730,000
Transfers from Unclaimed Property Fund.....	481,825		481,825	600,000		600,000	600,000		600,000
Sales of State Property.....	1,247,282	73,578	1,320,860	2,655,026		2,655,026	2,548,500		2,548,500
Not Otherwise Classified.....	5,165,546	5,647,457	10,813,003	4,858,928	6,130,429	10,979,357	4,837,490	6,280,917	11,118,407
TOTAL, OTHER REVENUES.....	\$74,959,294	\$90,735,651	\$165,694,945	\$78,405,399	\$89,213,133	\$167,618,532	\$80,625,218	\$89,235,368	\$169,860,586
TOTALS, REVENUES.....	\$1,865,997,032	\$801,920,355	\$2,667,917,387	\$2,109,522,710	\$886,360,927	\$2,995,882,737	\$2,177,524,461	\$952,392,125	\$3,129,916,586
OTHER INCOME—TRANSFERS:									
California Water Fund.....				\$39,958,198	\$—39,958,198		\$20,004,755	\$—20,004,755	
Medical Care Premium Deposit Fund ^a				22,800,919		22,800,919			
School Building Aid Fund ^a				20,000,000		20,000,000			
TOTAL, OTHER INCOME.....				\$82,759,117	\$—39,958,198	\$42,800,919	\$20,004,755	\$—20,004,755	
TOTAL INCOME.....	\$1,865,997,032	\$801,920,355	\$2,667,917,387	\$2,192,281,827	\$846,401,829	\$3,038,683,656	\$2,197,529,216	\$932,387,370	\$3,129,916,586

^a Not recorded as a reduction in special funds as these funds are not governmental cost funds and receipts are not included in budget totals.

Schedule 3

**COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FOR FISCAL YEARS 1962-63, 1963-64, AND 1964-65**

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
	STATE OPERATIONS									
	LEGISLATIVE:									
1	Legislature.....	\$7,351,608	\$18,745	\$7,370,353	\$7,428,019	—\$37,313	\$7,390,706	\$8,278,060	\$1,122,990	\$9,401,050
3	Legislative Counsel Bureau.....	662,995	—	662,995	618,279	—	618,279	706,030	—	706,030
4	Law Revision Commission.....	111,300	—	111,300	111,321	—	111,321	113,989	—	113,989
5	Commission on Uniform State Laws.....	4,830	—	4,830	5,850	—	5,850	6,550	—	6,550
6	Contribution to Legislators' Retirement Fund.....	160,000	—	160,000	315,000	—	315,000	350,000	—	350,000
	Totals, Legislative.....	\$8,290,733	\$18,745	\$8,309,478	\$8,478,409	—\$37,313	\$8,441,156	\$9,454,629	\$1,122,990	\$10,577,619
	JUDICIAL:									
7	Supreme Court.....	\$953,853	—	\$953,853	\$1,006,491	—	\$1,006,491	\$1,026,031	—	\$1,026,031
8	Judicial Council.....	376,009	—	376,009	418,824	—	418,824	456,990	—	456,990
9	Commission on Judicial Qualifications.....	27,086	—	27,086	32,219	—	32,219	33,370	—	33,370
10	District Court of Appeal, First Appellate District.....	508,778	—	508,778	536,913	—	536,913	547,317	—	547,317
11	District Court of Appeal, Second Appellate District.....	674,234	—	674,234	778,366	—	778,366	772,040	—	772,040
12	District Court of Appeal, Third Appellate District.....	196,731	—	196,731	204,851	—	204,851	205,572	—	205,572
12	District Court of Appeal, Fourth Appellate District.....	213,165	—	213,165	228,880	—	228,880	231,499	—	231,499
13	District Court of Appeal, Fifth Appellate District.....	178,648	—	178,648	186,445	—	186,445	192,459	—	192,459
15	Contribution to Judges' Retirement Fund.....	37,968	—	37,968	37,968	—	37,968	37,968	—	37,968
	Totals, Judicial.....	\$3,166,472	—	\$3,166,472	\$3,430,957	—	\$3,430,957	\$3,503,246	—	\$3,503,246
	EXECUTIVE:									
	Governor's Office:									
16	Governor.....	\$835,501	—	\$835,501	\$927,911	—	\$927,911	\$929,566	—	\$929,566
17	Office of Consumer Counsel.....	113,007	—	113,007	122,954	—	122,954	144,476	—	144,476
18	Disaster Office.....	1,028,701	—	1,028,701	895,381	—	895,381	1,357,232	—	1,357,232
20	Governor's Advisory Commission on Housing Problems.....	70,144	—	70,144	—	—	—	—	—	—
21	Coordinating Council on Urban Policy.....	98,199	—	98,199	50,000	—	50,000	50,000	—	50,000
21	Lieutenant Governor.....	—	—	—	116,080	—	116,080	120,020	—	120,020
	Totals, Executive.....	\$2,145,552	—	\$2,145,552	\$2,112,326	—	\$2,112,326	\$2,601,294	—	\$2,601,294

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1982-83			Estimated 1983-84			Estimated 1984-85		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
STATE OPERATIONS—Continued										
General Administration:										
23	State Employees Retirement System				\$20,000		\$20,000	\$20,000		\$20,000
Department of General Services:										
28	General Activities				\$4,650,800		4,650,800	6,489,909		6,489,909
42	Office of Architecture and Construction		\$1,223,564	\$1,223,564		\$1,308,262	1,308,262		\$1,304,438	1,304,438
44	Exposition and Fair Executive Committee				186,246		186,246	711,754		711,754
45	Capital Building and Planning Commission	\$2,439		2,439	2,500		2,500	2,500		2,500
45	Commission on Interstate Cooperation	51,898		51,898	65,905		65,905	68,535		68,535
46	Personnel Board	3,255,880		3,255,880	3,471,826		3,471,826	3,700,020		3,700,020
53	Secretary of State	912,065		912,065	618,122		618,122	789,303		789,303
	Totals, General Administration	\$4,222,262	\$1,223,564	\$5,445,826	\$9,015,399	\$1,308,262	\$10,323,661	\$11,782,621	\$1,304,438	\$13,087,059
Agriculture:										
57	Department of Agriculture	\$10,442,273	\$7,653,067	\$18,095,340	\$11,175,448	\$8,328,282	\$19,501,730	\$11,385,790	\$8,416,585	\$19,802,375
72	District Agricultural Associations		3,211,700	3,211,700		3,223,400	3,223,400		3,359,000	3,359,000
73	Museum of Science and Industry	219,287	364,087	583,374	219,287	364,125	583,412	279,588	406,764	686,352
77	Poultry Improvement Commission	102,822	59,122	161,944	62,839	77,158	139,997	75,086	70,279	145,365
79	Agricultural Labor Commission	5,265		5,265						
	Totals, Agriculture	\$10,769,647	\$11,287,976	\$22,057,623	\$11,457,574	\$11,990,965	\$23,448,539	\$11,740,464	\$12,252,628	\$23,993,092
Corrections:										
80	Youth and Adult Corrections Agency Administrator				\$65,845		\$65,845	\$76,080		\$76,080
Department of Corrections:										
86	Program Augmentations							1,375,793		1,375,793
93	Departmental Administration	\$6,267,918		\$6,267,918	6,623,671		6,623,671	6,721,375		6,721,375
Penal Institutions:										
104	California Conservation Center	1,945,289		1,945,289	3,813,896		3,813,896	4,192,923		4,192,923
108	Sierra Conservation Center	17,066		17,066	60,855		60,855	727,537		727,537
111	Southern Conservation Center				2,031,966		2,031,966	2,256,587		2,256,587
115	Correctional Institution at Tehachapi	1,261,907		1,261,907	1,363,062		1,363,062	1,387,332		1,387,332
117	Correctional Training Facility	6,856,899		6,856,899	6,915,455		6,915,455	7,059,987		7,059,987
121	Deuel Vocational Institution	4,182,167		4,182,167	4,393,568		4,393,568	4,457,098		4,457,098
124	State Prison at Folsom	4,164,405		4,164,405	4,118,507		4,118,507	4,250,231		4,250,231
126	Institution for Men	5,088,331		5,088,331	4,300,497		4,300,497	4,270,252		4,270,252
130	Medical Facility	4,745,056		4,745,056	4,911,794		4,911,794	5,272,032		5,272,032
133	Men's Colony—East Facility	4,316,205		4,316,205	4,519,984		4,519,984	4,639,308		4,639,308
135	Men's Colony—West Facility	2,324,751		2,324,751	2,394,571		2,394,571	2,433,186		2,433,186
138	Rehabilitation Center	3,533,070		3,533,070	4,940,451		4,940,451	5,704,023		5,704,023
142	State Prison at San Quentin	7,233,934		7,233,934	7,748,014		7,748,014	7,676,256		7,676,256
146	Institution for Women	2,042,814		2,042,814	2,086,081		2,086,081	2,328,193		2,328,193
	Totals, Department of Corrections	\$53,959,812		\$53,959,812	\$60,222,372		\$60,222,372	\$64,752,093		\$64,752,093

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65			
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total	
STATE OPERATIONS—Continued											
Corrections—Continued											
	Department of the Youth Authority										
152	Program Augmentations.....				\$500,060		\$500,060	\$788,123		\$788,123	
152	Increased Admissions.....				6,023,335		6,023,335	1,000,000		1,000,000	
156	Departmental Administration.....	\$5,201,939		\$5,201,939				6,026,115		6,026,115	
	Northern California Reception Center										
162	and Clinic.....	1,475,832		1,475,832	1,016,407		1,016,407	1,060,333		1,060,333	
164	Southern California Reception Center										
	and Clinic.....	1,680,573		1,680,573	1,831,505		1,831,505	1,912,879		1,912,879	
	Youth Authority Conservation Camps										
166	for Boys.....	954,007		954,007	1,030,800		1,030,800	1,051,410		1,051,410	
168	Fricot Ranch School for Boys.....	959,412		959,412	1,058,338		1,058,338	1,071,947		1,071,947	
170	Fred C. Nelles School for Boys.....	1,797,903		1,797,903	2,027,613		2,027,613	2,282,909		2,282,909	
172	Northern California Youth Center.....	37,233		37,233	42,872		42,872	89,731		89,731	
174	Paso Robles School for Boys.....	1,719,583		1,719,583	1,845,340		1,845,340	1,837,773		1,837,773	
176	Preston School of Industry.....	3,134,128		3,134,128	3,345,958		3,345,958	3,386,478		3,386,478	
178	Youth Training School.....	3,557,065		3,557,065	3,882,538		3,882,538	3,982,519		3,982,519	
179	Los Guillicos School for Girls.....	1,243,754		1,243,754	1,317,235		1,317,235	1,347,924		1,347,924	
181	Ventura School for Girls.....	1,397,506		1,397,506	1,785,593		1,785,593	2,007,184		2,007,184	
	Totals, Department of the Youth Authority.....	\$23,249,025		\$23,249,025	\$26,307,672		\$26,307,672	\$29,045,325		\$29,045,325	
Totals, Corrections.....											
		\$77,208,837		\$77,208,837	\$86,595,889		\$86,595,889	\$93,873,478		\$93,873,478	
Education and State Teachers' Retirement System:											
Department of Education:											
184	General Activities.....	\$3,478,611		\$3,478,611	\$3,823,219		\$3,823,219	\$3,771,472		\$3,771,472	
194	National Defense Education Act.....	282,146		282,146	314,806		314,806	317,158		317,158	
198	Division of Libraries.....	1,073,998		1,073,998	1,163,190		1,163,190	1,201,105		1,201,105	
	Special Schools for Physically Handi-										
	capped Children:										
203	School for the Blind.....	676,668		676,668	713,198		713,198	740,078		740,078	
	School for Cerebral Palsied Children,										
204	Northern California.....	499,926		499,926	507,359		507,359	525,591		525,591	
	School for Cerebral Palsied Children,										
206	Southern California.....	412,170		412,170	459,398		459,398	485,433		485,433	
	California School for the Deaf,										
208	Berkeley.....	1,726,402		1,726,402	1,789,153		1,789,153	1,809,337		1,809,337	
	California School for the Deaf,										
209	Riverside.....	1,856,049		1,856,049	1,924,124		1,924,124	1,904,888		1,904,888	
	Totals, Special Schools.....	\$5,171,815		\$5,171,815	\$5,393,232		\$5,393,232	\$5,526,227		\$5,526,227	
211	Vocational Education.....	\$675,963		\$675,963	\$680,059		\$680,059	\$695,075		\$695,075	
216	State Teachers' Retirement System.....	527,398		527,398	611,143		611,143	788,642		788,642	
	Totals, Education and State Teachers' Retirement System.....	\$11,200,931		\$11,200,931	\$11,994,043		\$11,994,043	\$12,299,679		\$12,299,679	

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
	STATE OPERATIONS—Continued									
	Higher Education:									
	Coordinating Council for Higher Education.....	\$238,326		\$238,326	\$289,384		\$289,384	\$353,768		\$353,768
218	University of California.....	147,325,113	\$997,461	147,622,574	155,307,254	\$242,060	155,549,314	171,832,113	\$260,000	172,092,113
244	College of Medicine.....							46,127		46,127
246	Hastings College of Law.....	338,166		338,166	371,269		371,269	485,435		485,435
	State Colleges:									
253	Program Augmentation.....							2,559,592		2,559,592
	Trustees of the California State Colleges.....									
258	Chico State College.....	1,286,767		1,286,767	1,421,417		1,421,417	1,814,746		1,814,746
262	Fresno State College.....	4,096,974		4,096,974	4,339,265		4,339,265	4,666,435		4,666,435
268	Fresno State College.....	6,310,113		6,310,113	6,747,856		6,747,856	7,205,403		7,205,403
273	State College at Hayward.....	1,623,368		1,623,368	2,292,252		2,292,252	3,077,361		3,077,361
278	Humboldt State College.....	3,338,905		3,338,905	3,548,473		3,548,473	3,689,948		3,689,948
282	Long Beach State College.....	7,911,174		7,911,174	8,916,525		8,916,525	10,119,043		10,119,043
	Los Angeles State College of Applied Arts and Sciences.....									
288	Orange State College.....	9,630,176		9,630,176	10,861,412		10,861,412	11,189,174		11,189,174
293	State College at Palos Verdes.....	1,749,822		1,749,822	2,587,501		2,587,501	3,314,315		3,314,315
298	Sacramento State College.....	164,094		164,094	304,863		304,863	414,735		414,735
301	State College at San Bernardino.....	4,993,063		4,993,063	5,418,170		5,418,170	6,060,528		6,060,528
306	San Diego State College.....	164,033		164,033	300,611		300,611	408,449		408,449
310	San Fernando Valley State College.....	9,586,697		9,586,697	10,728,365		10,728,365	11,582,373		11,582,373
315	San Francisco State College.....	5,852,005		5,852,005	6,868,380		6,868,380	7,868,020		7,868,020
320	San Jose State College.....	9,756,395		9,756,395	10,502,023		10,502,023	11,128,703		11,128,703
325	Sonoma State College.....	12,972,830		12,972,830	14,098,044		14,098,044	14,907,152		14,907,152
330	Stanislaus State College.....	726,165		726,165	995,616		995,616	1,281,574		1,281,574
334	State Polytechnic College.....	706,553		706,553	801,801		801,801	903,809		903,809
339	Totals, State Colleges.....	\$90,259,068		\$90,259,068	\$101,340,342		\$101,340,342	\$113,748,868		\$113,748,868
	Maritime Academy.....	\$435,422		\$435,422	\$488,246		\$488,246	\$494,683		\$494,683
348	State Scholarship Commission.....	2,345,218		2,345,218	3,030,233		3,030,233	4,012,480		4,012,480
349	Totals, Higher Education.....	\$240,941,313	\$997,461	\$241,238,774	\$260,826,728	\$242,060	\$261,068,788	\$290,973,474	\$260,000	\$291,233,474
	Employment:									
	Department of Employment.....									
1224	Commission on Manpower, Automation and Technology.....		\$274,069	\$274,069		\$408,835	\$408,835		\$348,763	\$348,763
351	Totals, Employment.....		\$274,069	\$274,069		75,000	75,000		75,000	75,000
	Fiscal Affairs:									
	Board of Control.....	\$17,544		\$17,544	\$26,018		\$26,018	\$26,154		\$26,154
353	State Controller.....	4,521,619	\$823,402	5,345,021	4,498,367	\$880,744	5,379,111	4,590,136	\$912,110	5,502,246
354	Board of Equalization.....	14,574,275	2,041,010	16,615,285	15,659,369	2,017,900	17,677,269	15,973,924	1,915,000	17,888,924
363	Totals, Fiscal Affairs.....									

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	Geoeeral Fund	Special Funds	Total
STATE OPERATIONS—Continued										
Fiscal Affairs—Continued										
Department of Finance:										
370	General Activities.....	\$8,639,315	\$246,279	\$8,885,594	\$4,317,805	\$139,727	\$4,457,532	\$3,439,360	\$103,000	\$3,542,360
384	San Francisco World Trade Center Au- thority.....				60,238		60,238			
386	State Fair and Exposition.....	451,157	\$1,842,758	2,293,915	244,342	2,731,846	2,976,188	287,510	2,706,621	2,994,131
394	State Lands Division.....	1,066,755		1,066,755	1,484,802		1,484,802	1,353,245		1,353,245
397	Franchise Tax Board.....	9,340,300		9,340,300	10,082,769		10,082,769	10,515,743		10,515,743
401	State Treasurer.....	383,035		383,035	415,487		415,487	424,416		424,416
	Totals, Fiscal Affairs.....	\$38,994,000	\$4,953,449	\$43,947,449	\$36,789,197	\$5,770,217	\$42,559,414	\$36,610,488	\$5,636,731	\$42,247,219
Health and Welfare:										
404	Health and Welfare Agency Administrator				\$66,701		\$66,701	\$67,672		\$67,672
404	Citizens' Advisory Committee on Aging				66,657		66,657	76,048		76,048
405	Office of Atomic Energy Development and Radiation Protection.....	\$63,760		\$63,760						
405	Department of Mental Hygiene:	29,854		29,854	48,268		48,268	47,649		47,649
412	Program Augmentations.....									
	Departmental Administration (In- cludes Study Commission on Mental Retardation).....							1,993,557		1,993,557
418	Day Treatment Centers.....	10,868,336		10,868,336	12,300,572		12,300,572	12,806,857		12,806,857
427	Outpatient Mental Hygiene Clinics.....	477,121		477,121	579,904		579,904	607,950		607,950
428	Neuropsychiatric Institutes:	841,236		841,236	931,051		931,051	964,201		964,201
	Langley Porter Neuropsychiatric Institute.....	2,292,129		2,292,129	2,367,149		2,367,149	2,508,152		2,508,152
433	Neuropsychiatric Institute at Uni- versity of California, Los Angeles	3,809,636		3,809,636	4,420,063		4,420,063	4,352,499		4,352,499
435	Hospitals for Mentally Ill:									
437	Agnews State Hospital.....	11,455,838		11,455,838	11,906,125		11,906,125	12,188,943		12,188,943
439	Atascadero State Hospital.....	4,797,784		4,797,784	4,961,104		4,961,104	5,042,115		5,042,115
441	Camarillo State Hospital.....	14,936,767		14,936,767	15,407,353		15,407,353	15,518,875		15,518,875
443	DeWitt State Hospital.....	6,625,820		6,625,820	6,842,077		6,842,077	6,930,785		6,930,785
445	Mendocino State Hospital.....	6,538,878		6,538,878	6,597,714		6,597,714	6,681,732		6,681,732
447	Metropolitan State Hospital.....	9,822,821		9,822,821	10,355,983		10,355,983	10,706,293		10,706,293
449	Modesto State Hospital.....	6,915,273		6,915,273	7,009,871		7,009,871	6,929,449		6,929,449
451	Napa State Hospital.....	13,272,391		13,272,391	13,788,636		13,788,636	14,134,088		14,134,088
453	Patton State Hospital.....	12,423,154		12,423,154	12,846,121		12,846,121	12,783,318		12,783,318
456	Stockton State Hospital.....	10,383,359		10,383,359	10,741,445		10,741,445	10,901,668		10,901,668
	Hospitals for Mentally Retarded:									
458	Fairview State Hospital.....	6,938,110		6,938,110	8,316,926		8,316,926	9,238,681		9,238,681
460	Pacific State Hospital.....	9,630,024		9,630,024	9,852,490		9,852,490	10,067,547		10,067,547
462	Porterville State Hospital.....	7,783,536		7,783,536	8,299,932		8,299,932	8,580,221		8,580,221
464	Sonoma State Hospital.....	11,433,708		11,433,708	11,558,691		11,558,691	11,815,569		11,815,569
	Totals, Department of Mental Hygiene.....	\$151,265,921		\$151,265,921	\$159,083,207		\$159,083,207	\$164,752,500		\$164,752,500
467	Department of Public Health (Includes Motor Vehicle Pollution Control Board).....	\$10,208,295		\$10,208,295	\$10,729,871		\$10,729,871	\$11,448,665		\$11,448,665

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
481	STATE OPERATIONS—Continued									
	Department of Rehabilitation:									
	General Activities.....	\$3,274,432	-----	\$3,274,432	\$3,912,801	-----	\$3,912,801	\$4,878,951	-----	\$4,878,951
	Industries for the Blind:									
	Berkeley Center.....	160,090	-----	160,090	171,865	-----	171,865	168,580	-----	168,580
497										
499	Los Angeles Center.....	134,846	-----	134,846	139,030	-----	139,030	140,783	-----	140,783
500	San Diego Center.....	61,087	-----	61,087	64,353	-----	64,353	65,188	-----	65,188
501	Orientation Center for the Blind.....	262,558	-----	262,558	257,545	-----	257,545	143,227	-----	143,227
	Totals, Department of Rehabilitation.....	\$3,893,013	-----	\$3,893,013	\$4,545,594	-----	\$4,545,594	\$5,396,729	-----	\$5,396,729
503	Department of Social Welfare (Includes Welfare Study Commission).....	\$4,182,418	-----	\$4,182,418	\$4,347,408	-----	\$4,347,408	\$4,776,802	-----	\$4,776,802
	Totals, Health and Welfare.....	\$169,043,261	-----	\$169,043,261	\$178,887,766	-----	\$178,887,766	\$186,566,065	-----	\$186,566,065
	Highway Transportation:									
509	Highway Transportation Agency Administrator.....					\$70,707	\$70,707		\$72,254	\$72,254
510	Department of the California Highway Patrol.....		\$39,816,349	\$39,816,349		42,222,072	42,222,072		44,791,616	44,791,616
516	Department of Motor Vehicles.....	\$22,107	35,306,127	35,328,234		39,747,440	39,747,440		41,456,293	41,456,293
527	Department of Public Works:									
	Division of Aeronautics.....	121,872	6,347	128,219	\$113,542	30,000	143,542	\$142,181	15,000	157,181
	Division of Highways.....		64,448,452	64,448,452		70,088,005	70,088,005		71,310,060	71,310,060
	Board of Commissioners for Humboldt Bay.....	2,517	-----	2,517	2,547	-----	2,547	2,547	-----	2,547
	Total, Department of Public Works.....	\$124,419	\$64,454,799	\$64,579,218	\$116,089	\$70,118,005	\$70,234,694	\$144,728	\$71,334,000	\$71,478,728
	Totals, Highway Transportation.....	\$146,526	\$139,580,275	\$139,726,801	\$110,086	\$152,158,824	\$152,274,913	\$144,728	\$157,654,163	\$157,798,891
535	Industrial Relations:									
	Department of Industrial Relations.....	\$13,412,184	-----	\$13,412,184	\$15,074,015	-----	\$15,074,015	\$17,217,716	\$42,933	\$17,260,049
	State Fire Marshal.....	548,129	-----	548,129	592,342	-----	592,342	617,072	119,488	736,560
	Women's Compensation Study Commission.....		\$110,701	658,830		\$115,269	677,611		-----	55,538
547					44,462	-----	44,462	55,538	-----	55,538
	Totals, Industrial Relations.....	\$13,960,313	\$110,701	\$14,071,014	\$15,690,819	\$115,269	\$15,796,088	\$17,860,326	\$162,421	\$18,052,747
548	Justice:									
	Department of Justice.....	\$9,104,598	-----	\$9,104,598	\$9,843,732	-----	\$9,843,732	\$11,190,738	-----	\$11,199,738
558	Commission on Peace Officer Standards and Training.....		\$55,057	55,057		\$70,230	70,230		\$73,102	73,102
	Totals, Justice.....	\$9,104,598	\$55,057	\$9,159,655	\$9,843,732	\$70,230	\$9,913,962	\$11,169,738	\$73,102	\$11,272,840
560	Military Affairs:									
	Military Department.....	\$2,836,765	-----	\$2,836,765	\$3,092,103	-----	\$3,092,103	\$3,244,734	-----	\$3,244,734

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
STATE OPERATIONS—Continued										
Regulation and Licensing:										
565	Department of Alcoholic Beverage Control.....	\$4,039,311	-----	\$4,039,311	\$4,492,079	-----	\$4,492,079	\$4,541,501	-----	\$4,541,501
567	Alcoholic Beverage Control Appeals Board.....	108,913	-----	108,913	118,627	-----	118,627	121,434	-----	121,434
568	District Securities Commission.....	70,373	-----	70,373	71,751	-----	71,751	72,713	-----	72,713
569	Horse Racing Board.....	211,877	-----	211,877	-----	\$217,027	217,027	-----	\$217,698	217,698
571	Department of Investment:	-----	-----	-----	-----	-----	-----	-----	-----	-----
572	Banking Department.....	814,299	-----	814,299	-----	850,014	850,014	-----	961,294	961,294
574	Division of Corporations.....	2,622,667	-----	2,622,667	2,820,608	-----	2,820,608	3,006,673	-----	3,006,673
574	Department of Insurance.....	2,429,170	-----	2,429,170	-----	2,724,568	2,724,568	500,000	-----	2,985,829
579	Division of Real Estate.....	2,514,235	-----	2,514,235	-----	2,748,961	2,748,961	-----	3,008,378	3,008,378
583	Division of Savings and Loan.....	1,222,615	-----	1,222,615	-----	1,328,991	1,328,991	-----	1,526,405	1,526,405
-----	Totals, Department of Investment.....	\$2,622,667	\$6,980,319	\$9,602,986	\$2,820,608	\$7,652,534	\$10,473,142	\$3,506,673	\$7,981,906	\$11,488,579
585	Board of Pilot Commissioners for Harbor of San Diego.....	\$975	-----	\$975	\$1,435	-----	\$1,435	\$1,435	-----	\$1,435
586	Board of Pilot Commissioners for Bays of San Francisco, San Pablo, and Suisun Department of Professional and Vocational Standards:	-----	\$25,480	25,480	-----	\$25,950	25,950	-----	\$26,512	26,512
594	Board of Accountancy.....	-----	300,613	300,613	-----	296,812	296,812	-----	331,733	331,733
596	Board of Architectural Examiners.....	-----	93,958	93,958	-----	117,813	117,813	-----	125,328	125,328
598	Athletic Commission.....	179,135	-----	179,135	183,243	-----	183,243	187,095	-----	187,095
599	Board of Barber Examiners.....	221,881	-----	221,881	-----	256,814	256,814	-----	263,820	263,820
601	Cemetery Board.....	58,694	-----	58,694	-----	62,946	62,946	-----	63,128	63,128
602	Board of Chiropractic Examiners.....	-----	95,974	95,974	-----	107,946	107,946	-----	112,398	112,398
603	Board of Registration for Civil and Professional Engineers.....	-----	401,029	401,029	-----	430,048	430,048	-----	439,395	439,395
605	Collection Agency Licensing Bureau.....	-----	200,385	200,385	-----	273,169	273,169	-----	283,571	283,571
606	Contractors' License Board.....	-----	1,508,616	1,508,616	-----	1,598,558	1,598,558	-----	1,754,029	1,754,029
608	Board of Cosmetology.....	-----	473,019	473,019	-----	477,655	477,655	-----	497,349	497,349
610	Board of Dental Examiners.....	-----	144,536	144,536	-----	166,160	166,160	-----	158,232	158,232
612	Board of Dry Cleaners.....	-----	301,136	301,136	-----	315,207	315,207	-----	325,026	325,026
613	Bureau of Electronic Repair Dealer Registration.....	-----	-----	-----	-----	127,458	127,458	-----	252,272	252,272
615	Board of Funeral Directors and Embalmers.....	-----	81,458	81,458	-----	83,663	83,663	-----	84,432	84,432
616	Bureau of Furniture and Bedding Inspection.....	-----	499,222	499,222	-----	503,692	503,692	-----	521,803	521,803
618	Board of Guide Dogs for the Blind.....	2,553	-----	2,553	2,489	-----	2,489	2,495	-----	2,495
619	Board of Landscape Architects.....	-----	24,483	24,483	-----	24,047	24,047	-----	24,307	24,307
620	Marriage Counselors.....	-----	-----	-----	-----	2,495	2,495	-----	1,775	1,775
621	Board of Medical Examiners.....	-----	589,152	589,152	-----	662,187	662,187	-----	631,397	631,397
625	Board of Nursing Education and Nurse Registration.....	-----	456,031	456,031	-----	524,595	524,595	-----	569,018	569,018
626	Board of Optometry.....	-----	59,904	59,904	-----	63,992	63,992	-----	65,378	65,378
628	Board of Osteopathic Examiners.....	-----	60,316	60,316	-----	30,228	30,228	-----	22,876	22,876
629	Board of Pharmacy.....	-----	402,976	402,976	-----	426,737	426,737	-----	448,740	448,740
631	Bureau of Private Investigators and Adjusters.....	-----	139,286	139,286	-----	156,465	156,465	-----	158,064	158,064

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
STATE OPERATIONS—Continued										
Regulation and Licensing—Continued										
Department of Professional and Vocational Standards—Continued										
Certified Shorthand Reporters Board	632		\$23,475	\$23,475		\$24,828	\$24,828		\$26,141	\$26,141
Board of Social Work Examiners	634		32,662	32,662		35,667	35,667		33,793	33,793
Structural Pest Control Board	635		275,124	275,124		310,940	310,940		417,948	417,948
Board of Examiners in Veterinary Medicine	637		31,900	31,900		37,965	37,965		39,364	39,364
Board of Vocational Nurse Examiners	638		140,479	140,479		142,488	142,488		150,444	150,444
Yacht and Ship Brokers Commission	641		20,368	20,368		23,734	23,734		23,704	23,704
Totals, Department of Professional and Vocational Standards		\$181,688	\$6,636,677	\$6,818,365	\$185,732	\$7,284,309	\$7,470,041	\$189,590	\$7,825,465	\$8,015,055
Public Utilities Commission	643	\$3,959,208	\$3,255,623	\$7,214,831	\$4,094,401	\$3,790,420	\$7,884,821	\$4,363,194	\$4,091,277	\$8,454,471
Totals, Regulation and Licensing		\$10,983,135	\$17,109,976	\$28,093,111	\$11,784,633	\$18,970,240	\$30,754,873	\$12,796,540	\$20,142,858	\$32,939,398
Resources:										
Resources Agency Administrator	652									
Department of Conservation (includes California Youth Conservation and Training Program)	654	\$25,953,620	\$918,952	\$26,872,572	27,975,176	\$960,525	28,935,701	29,217,648	\$993,469	30,211,117
Fish and Game:										
Department of Fish and Game	673		10,694,089	10,694,089		10,867,143	10,867,143		11,196,840	11,196,840
Marine Research Committee	697		86,682	86,682		113,205	113,205		90,644	90,644
Wildlife Conservation Board	698		84,175	84,175		85,020	85,020		85,467	85,467
Totals, Fish and Game			\$10,864,946	\$10,864,946		\$11,065,368	\$11,065,368		\$11,372,951	\$11,372,951
Department of Parks and Recreation	699	\$7,847,667		\$7,847,667		\$8,745,304	\$8,745,304	\$9,164,476		\$9,164,476
Water Resources:										
Department of Water Resources	716	\$9,072,595	\$65,900	\$9,138,495	\$10,031,747	\$200,258	\$10,232,005	\$10,199,578	\$100,311	\$10,299,889
State Water Rights Board	756	\$76,084		\$76,084		968,004	968,004	998,651		998,651
Reclamation Board	757	189,531		189,531	250,974		250,974	145,199		145,199
Colorado River Board	759	214,934		214,934	226,360		226,360	232,706		232,706
Colorado River Boundary Commission	761	23,829		23,829	63,157		63,157	24,259		24,259
Klamath River Compact Commission	762	5,697		5,697	5,333		5,333	4,627		4,627
California-Nevada Interstate Compact Commission	763	85,631		85,631	79,971		79,971	71,133		71,133
Water Quality Control Board	764	914,702		914,702	975,400		975,400	977,646		977,646
Goose Lake Compact Commission	768	2,367		2,367	2,000		2,000			
Totals, Water Resources		\$11,385,370	\$65,900	\$11,451,270	\$12,602,946	\$200,258	\$12,803,204	\$12,653,799	\$100,311	\$12,754,110
Totals, Resources		\$45,186,657	\$11,849,798	\$57,036,455	\$49,460,311	\$12,226,151	\$61,686,462	\$51,199,032	\$12,466,731	\$63,665,763

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref- er- ence	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
STATE OPERATIONS—Continued										
Veterans Affairs:										
Department of Veterans Affairs:										
General Activities.....	769	\$3,961,881		\$3,961,881	\$4,348,249		\$4,348,249	\$640,622		\$640,622
Veterans' Home of California.....	772	3,100,121		3,100,121	3,469,383		3,469,383	3,684,489		3,684,489
Woman's Relief Corps Home.....	774	3,600		3,600	3,900		3,900	3,000		3,900
United Spanish War Veterans Commis- sion.....	775	3,117		3,117	3,400		3,400	3,400		3,400
Totals, Veterans Affairs.....		\$7,068,719		\$7,068,719	\$7,824,932		\$7,824,932	\$4,338,411		\$4,338,411
Provision for Salary Increases.....	776				\$18,136,630	\$5,800,470	\$23,037,100	\$44,003,153	\$11,710,762	\$55,803,915
Reserve for Contingencies.....	778				732,227		732,227	1,000,000		1,000,000
Miscellaneous:										
Advisory Commission on Indian Affairs.....	783				\$5,000		\$5,000	\$9,000		\$9,000
California Arts Commission.....	784				50,000		50,000	50,000		50,000
Legislative Claims.....	784	\$97,802	\$14,578	\$112,380	191,433	\$40,517	231,950	39,280	\$21,425	60,714
Payment of Interest on General Fund Loans.....	785	67,534		67,534	129,167		129,167	\$7,500		\$7,500
Permanent Revolving Funds.....	786	107,259	750,000	857,259	83,421	2,000,000	2,083,421	1,330,093	2,000,000	3,330,093
Personal Services Not Elsewhere Reported.....	787	544,581		544,581	695,500		695,500	855,000		855,000
Expense of Presidential Electors.....	788							1,500		1,500
Refunds of Taxes, Licenses and Other Fees.....	788	19,112		19,112	20,000		20,000	20,000		20,000
Tort Liability Claims.....	788				660,000	440,000	1,100,000	970,000	640,000	1,610,000
Workmen's Compensation Benefits for State Employees.....	790	2,415,750		2,415,750	2,700,000		2,700,000	3,000,000		3,000,000
Workmen's Compensation Benefits for Subsequent Injuries.....	791	640,840		640,840	600,000		690,000	775,000		775,000
Totals, Miscellaneous.....		\$3,892,878	\$764,578	\$4,657,456	\$5,224,521	\$2,480,517	\$7,705,038	\$7,137,382	\$2,067,425	\$9,804,807
Debt Service:										
Bond Interest and Redemption.....	792	\$22,427,966		\$22,427,966	\$26,855,305		\$26,855,305	\$31,283,650		\$31,283,650
Credits to General Fund for Overhead Services Charged to Agencies Supported from Special Funds.....		—6,260,531		—6,260,531	—5,600,000		—5,600,000	—6,000,000		—6,000,000
Estimated Unidentifiable Savings.....					—6,000,000		—6,000,000	—8,000,000		—8,000,000
NET TOTALS, STATE OPERATIONS.....		\$675,930,064	\$187,525,640	\$863,456,713	\$746,740,250	\$211,570,727	\$958,319,977	\$820,733,132	\$225,878,012	\$1,055,011,144

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
	CAPITAL OUTLAY									
	Administration:									
801	Department of General Services				\$48,200		\$48,200	\$1,353,076		\$1,353,076
	Agriculture:									
802	Department of Agriculture	\$105,055	—\$41,513	\$63,542	\$142,685		\$142,685			
812	District Agricultural Associations		1,497,510	1,497,510	30,000	\$2,724,401	2,754,401		\$1,644,900	\$1,644,900
815	Museum of Science and Industry	—117,424	156,704	39,280	322,032	110,673	432,705	266,579	78,846	345,425
	Totals, Agriculture	—\$12,369	\$1,612,701	\$1,600,332	\$494,717	\$2,835,074	\$3,329,791	\$266,579	\$1,723,746	\$1,990,325
	Corrections:									
820	Department of Corrections:									
821	California Conservation Center	\$795,313		\$795,313	\$78,728		\$78,728	\$2,500		\$2,500
822	Southern Conservation Center				52,180		52,180	22,506		22,506
823	Correctional Institution at Tehachapi	122,064		122,064	62,462		62,462	70,516		70,516
825	Deuel Vocational Institution	8,187		8,187	72,957		72,957	65,150		65,150
826	State Prison at Folsom	30,113		30,113	79,387		79,387	107,253		107,253
827	Institution for Men	44,535		44,535	130,308		130,308	79,930		79,930
829	Medical Facility	—3,582		—3,582	3,000		3,000	4,055		4,055
830	Men's Colony—East Facility	73,153		73,153	16,982		16,982	35,761		35,761
831	Men's Colony—West Facility	10,799		10,799	24,325		24,325	10,600		10,600
833	State Prison at San Quentin	40,164		40,164	193,720		193,720	60,893		60,893
834	Institution for Women	8,446		8,446	4,500		4,500	8,500		8,500
	Totals, Department of Corrections	\$1,129,192		\$1,129,192	\$718,549		\$718,549	\$478,664		\$478,664
	Department of the Youth Authority:									
839	Northern California Reception Center	\$10,335		\$10,335	\$38,767		\$38,767	\$23,700		\$23,700
840	Southern California Reception Center	—2,236		—2,236				71,400		71,400
841	Youth Authority Conservation Camps for Boys									
842	Fricot Ranch School for Boys	29,595		29,595	18,300		18,300	8,900		8,900
844	Fred C. Nelles School for Boys	—3,864		—3,864	111,300		111,300	30,600		30,600
845	Northern California Youth Center	1,021		1,021	147,187		147,187			
846	Paso Robles School for Boys	125,827		125,827	61,500		61,500			
847	Preston School of Industry	9,789		9,789	157,719		157,719	53,700		53,700
849	Youth Training School	73,462		73,462	142,016		142,016	138,000		138,000
850	Los Guilcos School for Girls	47,225		47,225	5,313		5,313	3,200		3,200
851	Ventura School for Girls	25,573		25,573	7,714		7,714	56,900		56,900
	Totals, Department of the Youth Authority	\$316,727		\$316,727	\$712,566		\$712,566	\$411,100		\$411,100
	Totals, Corrections	\$1,445,919		\$1,445,919	\$1,431,115		\$1,431,115	\$889,764		\$889,764

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
CAPITAL OUTLAY—Continued										
Education:										
852 853 854 854	Special Schools for Physically Handicapped Children:									
	School for the Blind.....	\$59,352		\$59,352	\$19,522		\$19,522	\$6,000		\$6,000
	School for Cerebral Palsied Children, Southern California.....				42,902		42,902			
	School for the Deaf, Berkeley.....	9,973		9,973	70,282		70,282	5,000		5,000
	School for the Deaf, Riverside.....	2,351		2,351	9,220		9,220	12,242		12,242
	Totals, Education.....	\$71,676		\$71,676	\$141,926		\$141,926	\$23,242		\$23,242
Higher Education:										
874	University of California.....	\$3,582,700		\$3,582,700	\$1,949,400		\$1,949,400	\$1,996,100		\$1,996,100
State Colleges:										
880	Trustees of the California State Colleges.....	—46,415		—46,415	46,415		46,415			
882	Chico State College.....	538,667		538,667	397,197		397,197	99,250		99,250
885	Fresno State College.....	39,191		39,191	166,159		166,159	107,300		107,300
886	State College at Hayward.....	10,314		10,314	107,100		107,100	40,000		40,000
888	Humboldt State College.....	21,615		21,615	195,634		195,634	68,000		68,000
890	Long Beach State College.....	133,974		133,974	182,625		182,625	90,000		90,000
Los Angeles State College of Applied Arts and Sciences										
892		—204,646		—204,646	298,870		298,870	67,800		67,800
891	Orange State College.....	—306,723		—306,723	198,000		198,000	10,200		10,200
896	Sacramento State College.....	141,331		141,331	61,050		61,050	57,000		57,000
900	San Diego State College.....	156,284		156,284	192,004		192,004	00,400		00,400
902	San Fernando Valley State College.....	81,426		81,426	16,181		16,181	88,550		88,550
904	San Francisco State College.....	227,100		227,100	73,494		73,494	57,800		57,800
906	San Jose State College.....	678,119		678,119	228,601		228,601	93,700		93,700
008	Sonoma State College.....				53,840		53,840	50,000		50,000
909	Stanislaus State College.....	50,013		50,013	24,037		24,037			
913	State Polytechnic College.....	1,685,606		1,685,606	269,528		269,528	109,050		109,050
Totals, State Colleges.....										
		\$3,205,856		\$3,205,856	\$2,510,735		\$2,510,735	\$1,029,050		\$1,029,050
915	Maritime Academy.....	\$8,566		\$8,566	\$41,205		\$41,295	\$16,600		\$16,600
Totals, Higher Education.....										
		\$6,797,122		\$6,707,122	\$4,501,430		\$4,501,430	\$3,041,750		\$3,041,750
Employment:										
917	Department of Employment.....		—\$65,405	—\$65,405		\$134,732	\$434,732		\$1,631,073	\$1,631,073
Fiscal Affairs:										
Department of Finance:										
920	General Activities.....	\$510,205		\$510,205	\$3,069,841		\$3,069,841	—\$350,000		—\$350,000
921	State Fair and Exposition.....	25,647		25,647	22,000		22,000	400,000		400,000
Totals, Fiscal Affairs.....										
		\$535,852		\$535,852	\$3,091,841		\$3,091,841	\$50,000		\$50,000

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Reference	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
927	Health and Welfare: Department of Mental Hygiene: Neuropsychiatric Institutes: Langley Porter Neuropsychiatric Institute.....	\$47,942	-----	\$47,942	\$33,889	-----	\$33,889	\$16,500	-----	\$16,500
		213,570	-----	213,570	20,779	-----	20,779	14,404	-----	14,404
928	Neuropsychiatric Institute at University of California at Los Angeles.....	-----	-----	-----	-----	-----	-----	-----	-----	-----
		-----	-----	-----	-----	-----	-----	-----	-----	-----
929	Hospitals for Mentally Ill: Agnews State Hospital.....	123,551	-----	123,551	135,318	-----	135,318	156,600	-----	156,600
		34,074	-----	34,074	65,428	-----	65,428	42,000	-----	42,000
930	Atascadero State Hospital.....	50,328	-----	50,328	156,356	-----	156,356	131,300	-----	131,300
		100,321	-----	100,321	120,631	-----	120,631	100,500	-----	100,500
931	DeWitt State Hospital.....	63,557	-----	63,557	65,922	-----	65,922	48,400	-----	48,400
		117,806	-----	117,806	177,449	-----	177,449	75,500	-----	75,500
932	Mendocino State Hospital.....	48,592	-----	48,592	117,564	-----	117,564	40,000	-----	40,000
		130,560	-----	130,560	158,407	-----	158,407	105,200	-----	105,200
933	Modesto State Hospital.....	59,010	-----	59,010	146,877	-----	146,877	97,900	-----	97,900
		108,818	-----	108,818	142,422	-----	142,422	94,900	-----	94,900
944	Hospitals for Mentally Retarded: Fairview State Hospital.....	256,275	-----	256,275	325,570	-----	325,570	35,100	-----	35,100
		19,818	-----	19,818	128,947	-----	128,947	68,100	-----	68,100
945	Pacific State Hospital.....	43,716	-----	43,716	72,619	-----	72,619	67,900	-----	67,900
		39,377	-----	39,377	71,656	-----	71,656	80,600	-----	80,600
948	Sonoma State Hospital.....	-----	-----	-----	-----	-----	-----	-----	-----	-----
		-----	-----	-----	-----	-----	-----	-----	-----	-----
950	Totals, Department of Mental Hygiene.....	\$1,321,995	-----	\$1,321,995	\$1,939,834	-----	\$1,939,834	\$1,174,904	-----	\$1,174,904
		-----	-----	-----	—\$63,614	-----	—\$63,614	\$165,350	-----	\$165,350
951	Department of Public Health.....	-----	-----	-----	-----	-----	-----	-----	-----	-----
		\$22,400	-----	\$22,400	-----	-----	-----	-----	-----	-----
953	Department of Rehabilitation: Industries for the Blind: Los Angeles Center.....	\$1,344,395	-----	\$1,344,395	\$1,876,220	-----	\$1,876,220	\$1,340,254	-----	\$1,340,254
		-----	-----	-----	-----	-----	-----	-----	-----	-----
955	Highway Transportation: Department of the California Highway Patrol.....	-----	-----	-----	-----	-----	-----	-----	-----	-----
		\$251,885	\$251,885	\$251,885	-----	\$3,323,919	\$3,323,919	-----	\$1,193,735	\$1,193,735
959	Department of Motor Vehicles: Department of Public Works: Division of Highways.....	6,181,438	6,181,438	6,181,438	-----	3,874,738	3,874,738	-----	2,211,850	2,211,850
		269,928,868	269,928,868	269,928,868	-----	355,273,826	355,273,826	-----	280,560,662	280,560,662
1021	Division of Aeronautics.....	2,823	2,823	2,823	-----	-----	-----	-----	-----	-----
		-----	-----	-----	-----	-----	-----	-----	-----	-----
1023	Totals, Department of Public Works.....	\$269,931,691	\$269,931,691	\$269,931,691	-----	\$355,273,826	\$355,273,826	-----	\$280,560,662	\$280,560,662
		-----	-----	-----	-----	-----	-----	-----	-----	-----
1023	Totals, Highway Transportation.....	\$276,365,014	\$276,365,014	\$276,365,014	-----	\$362,472,483	\$362,472,483	-----	\$283,966,247	\$283,966,247
		-----	-----	-----	-----	-----	-----	-----	-----	-----
1023	Military Affairs: Military Department.....	\$636,629	-----	\$636,629	\$887,541	-----	\$887,541	\$376,844	-----	\$376,844
		-----	-----	-----	-----	-----	-----	-----	-----	-----

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref-er-ence	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
CAPITAL OUTLAY—Continued										
Resources:										
Department of Conservation (Includes California Youth Conservation).....	1031	\$749,973	-----	\$749,973	\$1,935,053	-----	\$1,935,053	\$1,129,757	-----	\$1,129,757
Department of Fish and Game.....	1033	-----	\$235,796	235,796	-----	\$245,218	245,218	-----	\$198,860	198,860
Wildlife Conservation Board.....	1036	-----	851,146	851,146	-----	877,955	877,955	-----	789,600	789,600
Department of Parks and Recreation.....	1049	4,672,948	-----	4,672,948	33,300,767	-----	33,300,767	4,349,945	-----	4,349,945
Department of Water Resources.....	1059	\$316,664	\$49,867,677	\$50,184,341	\$1,751,097	\$71,746,607	\$73,497,704	\$1,480,274	\$9,529,025	\$11,009,299
Totals, Resources.....		\$5,739,585	\$50,954,619	\$56,694,204	\$36,986,917	\$72,869,780	\$109,856,697	\$6,959,976	\$10,517,485	\$17,477,461
Veterans Affairs:										
Veterans Home of California.....	1064	\$18,044	-----	\$18,044	\$87,140	-----	\$87,140	\$230,850	-----	\$230,850
Unallocated:										
Project Planning.....	1065	-----	-----	-----	\$180,702	-----	\$180,702	\$300,000	-----	\$300,000
Miscellaneous Repairs, Improvements and Equipment.....	1065	-----	-----	-----	51,800	-----	51,800	100,000	-----	100,000
Totals, Unallocated.....		-----	-----	-----	\$232,502	-----	\$232,502	\$400,000	-----	\$400,000
TOTALS, CAPITAL OUTLAY.....		\$16,576,853	\$328,866,929	\$345,443,782	\$40,779,519	\$438,612,069	\$488,391,618	\$14,932,335	\$297,838,551	\$312,770,886

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
1060	LOCAL ASSISTANCE									
1070	SUBVENTIONS:									
1071	Agriculture:									
1072	Assistance to County Agricultural Fairs and Citrus Fruit Fairs									
1073	Salaries of County Agricultural Commissioners									
1074	Totals, Agriculture									
1075	Corrections:									
1076	Assistance to Counties for Construction of Juvenile Homes and Camps									
1077	Assistance to Counties for Maintenance of Juvenile Homes and Camps									
1078	Assistance for Control of Juveniles									
1079	Totals, Corrections									
1080	Education:									
1081	Apportionments for Public Schools									
1082	School District Organization Revolving Fund									
1083	Junior College Assistance									
1084	Child Care Centers									
1085	Contributions to Teachers' Retirement Fund									
1086	Grants to Teachers of Physically Handicapped minors									
1087	Debt Service on Public School Building Bonds									
1088	Free Textbooks									
1089	Assistance to Public Libraries									
1090	School Building Construction									
1091	Vocational Education—Reimbursements to School Districts									
1092	Totals, Education									
1093	Health and Welfare:									
1094	Mental Hygiene:									
1095	Assistance to Local Agencies for Mental Health Services									
1096	Public Health:									
1097	Assistance to Counties for Care of Crippled Children									
1098	Assistance to Counties for Tuberculosis Sanatoria									
1099	Assistance to Counties without Local Health Departments									
1100	Assistance to Local Health Departments									
1101	Assistance to Counties for Gnat Control									

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
	LOCAL ASSISTANCE—Continued									
	STUNTEIONS—Continued									
	Health and Welfare—Continued									
	Public Health—Continued									
1100	Assistance to Counties for Mosquito Control.....	\$207,719	-----	\$207,719	\$209,463	-----	\$209,463	\$214,522	-----	\$214,522
1100	Assistance to Counties for Treatment of Physically Handicapped Children...	1,459,631	-----	1,459,631	1,676,276	-----	1,676,276	1,934,780	-----	1,934,780
1101	Assistance to Local and Nonprofit Agencies for Hospital Construction...	12,013,288	-----	12,013,288	14,393,713	-----	14,393,713	11,148,965	-----	11,148,965
	Totals, Public Health.....	\$30,272,848	-----	\$30,272,848	\$35,287,804	-----	\$35,287,804	\$33,476,247	-----	\$33,476,247
	Social Welfare:									
	Assistance									
1103	Aid to Blind.....	\$9,417,056	-----	\$9,417,056	\$9,793,600	-----	\$9,793,600	\$10,579,100	-----	\$10,579,100
1104	Aid to Potentially Self-Supporting Blind.....	468,269	-----	468,269	110,500	-----	110,500	369,600	-----	369,600
1105	Aid to Disabled.....	17,098,675	-----	17,098,675	30,484,300	-----	30,484,300	48,782,800	-----	48,782,800
1105	Aid to Families with Dependent Children.....	81,760,320	-----	81,760,320	90,649,500	-----	90,649,500	108,517,500	-----	108,517,500
1106	Old Age Security.....	151,473,526	-----	151,473,526	156,450,000	-----	156,450,000	165,919,200	-----	165,919,200
1106	Medical Assistance for the Aged.....	6,739,556	-----	6,739,556	18,567,000	-----	18,567,000	23,793,600	-----	23,793,600
	Total Assistance.....	\$266,957,402	-----	\$266,957,402	\$306,054,900	-----	\$306,054,900	\$357,961,800	-----	\$357,961,800
	Rehabilitative Services:									
1108	Prevention of Blindness.....	-----	-----	-----	-----	-----	-----	\$41,710	-----	\$41,710
1108	Sheltered Workshops.....	-----	-----	-----	-----	-----	-----	30,000	-----	30,000
	Total Rehabilitative Services.....	-----	-----	-----	-----	-----	-----	\$71,710	-----	\$71,710
	Local Administration:									
1110	Training.....	\$63,811	-----	\$63,811	\$102,801	-----	\$102,801	\$116,702	-----	\$116,702
1111	Special Projects.....	281,132	-----	281,132	786,600	-----	786,600	786,600	-----	786,600
	Total, Local Administration.....	\$344,943	-----	\$344,943	\$889,401	-----	\$889,401	\$903,302	-----	\$903,302
	Licensing and Adoptions:									
1112	Local Inspection of Homes and Agencies Caring for Aged and Children...	\$1,486,684	-----	\$1,486,684	\$1,550,400	-----	\$1,550,400	\$1,620,045	-----	\$1,620,045
1112	Reimbursement to Counties for Administration and Cost of Care of Adoptions.....	3,834,294	-----	3,834,294	4,779,047	-----	4,779,047	5,476,264	-----	5,476,264
	Total Licensing and Adoptions.....	\$5,321,178	-----	\$5,321,178	\$6,329,447	-----	\$6,329,447	\$7,096,309	-----	\$7,096,309
	Totals, Social Welfare.....	\$272,623,523	-----	\$272,623,523	\$313,273,748	-----	\$313,273,748	\$366,033,121	-----	\$366,033,121
	Totals, Health and Welfare.....	\$306,102,084	-----	\$306,102,084	\$353,852,758	-----	\$353,852,758	\$411,189,316	-----	\$411,189,316

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref- er- ence	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
LOCAL ASSISTANCE—Continued										
SUBVENTIONS—Continued										
Highway Transportation:										
Airport Assistance.....	1116		\$345,389	\$345,389		\$350,502	\$350,502		\$335,000	\$335,000
Local Roads and Highways.....	1117		4,433,206	4,433,206		6,241,528	6,241,528		7,322,656	7,322,656
Grade Crossing Protection Works.....	1117		4,327,853	4,327,853		4,837,010	4,837,010		5,232,977	5,232,977
Totals, Highway Transportation.....			\$9,106,448	\$9,106,448		\$11,429,040	\$11,429,040		\$12,890,633	\$12,890,633
Resources:										
Flood Control:										
Department of Water Resources Proj- ects.....	1120	\$7,567,160		\$7,567,160	\$15,387,761		\$15,387,761	\$12,441,827		\$12,441,827
Reclamation Board Projects.....	1120	6,890,573		6,890,573	5,711,774		5,711,774	10,438,114		10,438,114
Totals, Flood Control.....		\$14,457,733		\$14,457,733	\$21,099,535		\$21,099,535	\$22,879,941		\$22,879,941
Beach Erosion Control.....										
Loans and grants to Local Agencies for Small Craft Harbors.....	1122	\$318,795		\$318,795	\$1,225,655		\$1,225,655	\$889,520		\$889,520
Grants to Soil Conservation Districts.....	1124				150,000		150,000	—150,000		—150,000
	1131	99,701		99,701	100,000		100,000	100,000		100,000
Totals, Resources.....		\$14,876,229		\$14,876,229	\$22,575,190		\$22,575,190	\$23,719,461		\$23,719,461
Other Purposes:										
Salaries of Superior Court Judges.....	1132	\$3,908,620		\$3,908,620	\$4,063,783		\$4,063,783	\$4,103,900		\$4,103,900
Contributions to Judges' Retirement Fund.....	1133	455,080		455,080	476,763		476,763	480,396		480,396
County Veterans Service Officers.....	1133	499,990		499,990	500,000		500,000	500,000		500,000
Workmen's Compensation for Disaster Service Workers.....	1133	46,698		46,698	49,000		49,000	55,000		55,000
Assistance to Cities and Counties for Peace Officers' Standards and Train- ing.....	1134		\$669,168	669,168		\$470,000	470,000		\$781,160	781,160
Storm and Flood Damage Repair.....	1135	359,306	604,150	963,456	—17,095	5,724,375	5,707,280	—17,095		—17,095
Earthquake Damage Repair.....	1136	—107,833		—107,833	—106,844		—106,844	—109,120		—109,120
Veterans' Housing.....	1136	—114,724		—114,724	—44,500		—44,500	—5,400		—5,400
Totals, Other Purposes.....		\$5,047,137	\$1,273,318	\$6,320,455	\$4,921,107	\$6,194,375	\$11,115,482	\$5,007,681	\$781,160	\$5,788,841
TOTALS, SUBVENTIONS.....		\$1,188,618,381	\$16,328,440	\$1,204,946,821	\$1,322,836,331	\$24,847,040	\$1,347,683,371	\$1,479,659,716	\$20,182,893	\$1,499,842,609
SHARED REVENUES:										
For General Government:										
Apportionment of Liquor License Fees.....	1138		\$11,397,919	\$11,397,919		\$10,784,932	\$10,784,932		\$10,980,000	\$10,980,000
Apportionment of Motor Vehicle License Fees.....	1138		140,724,826	140,724,826		150,550,000	150,550,000		159,660,000	159,660,000
Apportionment of Highway Properties Rental Receipts.....	1138		524,008	524,008		725,653	725,653		820,000	820,000
Totals, General Government.....			\$152,646,753	\$152,646,753		\$162,060,585	\$162,060,585		\$171,460,000	\$171,460,000

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref-er-ence	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
LOCAL ASSISTANCE—Continued										
SHARED REVENUES—Continued										
For County Roads:										
Apportionment of Motor Vehicle Fuel Tax	1139		\$81,881,964	\$81,881,964			\$93,825,461			\$93,825,461
Apportionment of Motor Vehicle Registration and Weight Fees	1139		13,938,372	13,938,372			7,639,140			7,639,140
Totals, County Roads			\$95,820,336	\$95,820,336			\$101,464,601			\$101,464,601
For City Streets:										
Apportionment of Motor Vehicle Fuel Tax	1139		\$40,495,287	\$40,495,287			44,656,518			44,656,518
For County Roads and City Streets:										
Apportionment of Motor Vehicle Fuel Tax	1139						32,020,000			32,020,000
TOTALS, SHARED REVENUES			\$288,962,376	\$288,962,376			\$340,201,704			\$340,201,704
TOTALS, LOCAL ASSISTANCE		\$1,188,618,381	\$305,290,816	\$1,493,909,197	\$1,322,836,331	\$365,048,744	\$1,687,885,075	\$1,479,659,716	\$415,556,893	\$1,895,216,609
GRAND TOTALS, EXPENDITURES:										
STATE OPERATIONS		\$675,939,064	\$137,525,649	\$813,464,713	\$746,740,250	\$211,579,727	\$958,319,977	\$829,733,132	\$225,878,012	\$1,055,611,144
CAPITAL OUTLAY		16,576,853	328,866,929	345,443,782	49,779,549	438,612,069	488,391,618	14,932,335	297,838,551	312,770,886
LOCAL ASSISTANCE		1,188,618,381	305,290,816	1,493,909,197	1,322,836,331	365,048,744	1,687,885,075	1,479,659,716	415,556,893	1,895,216,609
TOTALS		\$1,881,134,298	\$821,683,394	\$2,702,817,692	\$2,119,356,130	\$1,015,240,540	\$3,134,596,670	\$2,324,325,183	\$939,273,456	\$3,263,598,639

Schedule 4

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1963, JUNE 30, 1964, AND JUNE 30, 1965

Fund	Page reference	Accumulated surplus June 30, 1962	Actual income 1962-63	Actual expenditures 1962-63	Transfers between funds	Accumulated surplus June 30, 1963	Estimated income 1963-64	Estimated expenditures 1963-64	Transfers between funds	Accumulated surplus June 30, 1964	Estimated income 1964-65	Estimated expenditures 1964-65	Transfers between funds	Accumulated surplus June 30, 1965
GENERAL FUND		\$99,180,187	\$1,865,997,032	\$1,881,134,298		\$15,454,965 a38,587,926	\$2,192,281,827	\$2,119,356,130		\$116,828,352 a11,140,266	\$2,197,529,516	\$2,324,325,183		\$8,766,392 a21,406,259
Transfers from Other Funds:														
California Water Fund							(+20,000,000)		(+20,000,000)		(+20,004,755)		(+20,004,755)	
California Water Fund							(+19,958,198)		(+19,958,198)		(+15,565,243)		(+15,565,243)	
Fair and Exposition Fund			(+14,821,049)		(+14,821,049)		(+14,852,106)		(+14,852,106)					
Insurance Fund			(+8,116)		(+2,416)									
California Museum of Science and Industry Fund			(+69,003)		(+69,003)		(+73,500)		(+73,500)					
Motor Vehicle Transportation Tax Fund			(+5,000,000)		(+5,000,000)		(+22,800,919)		(+22,800,919)					
Medical Care Premium Deposit Fund						(+20,000,000)			(+20,000,000)					
School Building Aid Fund														
Transfers to Other Funds:														
Assembly Contingent Fund				(+9,362,375)	(+9,362,375)			(+3,815,280)	(+3,815,280)			(+3,855,189)	(+3,855,189)	
Insurance Fund				(+1,851,727)	(+1,851,727)			(+2,091,799)	(+2,091,799)			(+500,000)	(+500,000)	
Senate Contingent Fund				(+102,832)	(+102,832)			(+62,839)	(+62,839)			(+2,080,321)	(+2,080,321)	
Poultry Testing Project Fund												(+75,086)	(+75,086)	
California Museum of Science and Industry Fund				(+219,287)	(+219,287)			(+219,287)	(+219,287)			(+279,538)	(+279,538)	
State Fair Fund				(+451,157)	(+451,157)			(+244,542)	(+244,542)			(+287,510)	(+287,510)	
SPECIAL FUNDS:														
Agriculture Fund	72	3,358,002	7,559,149	7,654,229		500,054 b2,702,868	8,043,677	8,205,993		387,738 b2,652,868	8,032,034	8,250,626		289,246 b2,602,868
Airport Assistance Fund	528	17,238		351,736	+350,000	a15,502		365,502	+350,000			350,000	+350,000	
Alcoholic Beverage Control Fund	566	1,527,602	10,555,249	11,397,919		a714,932 -170,916	10,800,000	10,754,932			11,000,000	10,980,000		
Architecture Public Building Fund	43	-144,869	1,107,517	1,223,564			1,316,683	1,308,262			1,310,450	1,304,438		
Assembly Contingent Fund	2	381,254		3,132,957				3,757,611				4,522,000		
Banking Fund	572	667,124	823,794	814,299	(+3,362,375)	a610,672 676,619	929,499	850,014	(+3,815,280)	a668,341 756,104	1,030,560	-3,855,189	(+3,855,189)	1,530 825,370
California Museum of Science and Industry Fund	77	161,987	-69,003	707,228	(-69,003)	147,262	-73,500	694,113	(-73,500)	116,536	-73,500	765,198	(-73,500)	75,026
California Water Fund	1061	104,674,438	36,402,237	50,677,376	(+219,287)	48,601,436 a43,797,863	31,369,053	77,708,274	(+219,287)	2,937,177 a1,164,703	31,372,456	-279,688	(+279,688)	4,625,362
Chiropractic Examiners Fund	603	52,827	105,541	95,974		62,694	-39,958,198	-219,287	(-19,958,198)		-20,004,755	9,679,516	(-20,004,755)	a1,164,703
Collection Agency Fund	606	6,146	204,543	200,385		9,304	102,680	107,946		57,498	104,790	112,398		49,830
Employment Contingent Fund	918	2,072,185	1,849,785	208,664		3,448,586	288,565	273,169		24,400	280,060	283,571		20,889
Electronic Repair Dealer Registration Fund	614					a264,670	1,821,977	918,567		4,666,896 a49,770	2,091,916	2,097,769		4,710,813
Fair and Exposition Fund	813	2,855,739	22,140,069	7,896,187	(-265,000)	302,902 a1,734,670	22,769,125	9,814,591	(-265,000)	222,542	23,865,000	8,821,757	(-265,000)	320,270
Fish and Game Preservation Fund	686	5,276,940	11,240,579	11,016,893	(-14,821,049)	5,471,569 a38,357	11,491,987	11,228,007	(-14,821,049)		-15,363,243	11,486,720	(-15,363,243)	6,930,227
Highway Fund	970	120,469,091	2,608,765	383,641,021	+366,811,921	e108,247,856	1,927,000	513,147,415	+428,002,287	e25,028,728	2,027,000	481,477,175	+479,232,318	e24,811,871
Highway Properties Rental Fund	074	510,815	736,553	924,008		a720,365	820,000	725,653			835,000	820,000		a638,712

Schedule 4—SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1963, JUNE 30, 1964, AND JUNE 30, 1965—Continued

Page refer- ence	Fund	Accumulated surplus June 30, 1962	Actual income 1962-63	Actual expenditures 1962-63	Transfers between funds	Accumulated surplus June 30, 1963	Estimated income 1963-64	Estimated expenditures 1963-64	Transfers between funds	Accumulated surplus June 30, 1964	Estimated income 1964-65	Estimated expenditures 1964-65	Transfers between funds	Accumulated surplus June 30, 1965
	SPECIAL FUNDS—Continued													
974	Highway Users Tax Fund.....			95,820,336	+76,481,367 +7,170,026 +381,980,264 -398,811,921	1,643,953	2,520,633	101,464,001	+82,224,072 +13,781,405 +433,401,411 -428,002,287	1,440,018	1,887,798	106,062,000	+83,813,085 +14,707,056 +187,373,277 -470,232,315	841,987
578	Insurance Fund.....	2,664,576	2,070,975 -2,415	2,420,183	(-2,415)			2,724,568				2,683,826 -500,000 1,775		34,536,161
621	Marriage Counselors Fund.....					31,106,998	4,300	2,495		1,805				30
524	Motor Vehicle Fund.....	32,871,129	152,931,361	70,447,472	-75,431,367	+2,832,653	102,632,653	83,840,786	-82,224,072	30,501,446	171,697,749	84,146,010	-83,813,985	34,536,161
369	Motor Vehicle Fuel Fund.....	32,243,478	380,693,117	2,422,995	-350,000 -381,980,264	34,188,330	448,519,000	3,735,801	-350,000 -433,461,411	42,160,124	491,770,000	3,606,300	-350,000	42,510,457
525	Motor Vehicle License Fee Fund.....	9,083,975	146,827,536	145,836,635	-7,170,026	16,074,870	167,186,506	155,951,253		11,310,123	166,487,000	165,255,402		12,544,721
359	Motor Vehicle Transportation Tax Fund.....	898,101	14,142,522 -5,060,000	1,156,713	(-5,060,000)	1,713,284	15,236,606	1,182,881	-13,781,405	1,984,965	16,036,000	1,315,880	-14,707,056	1,668,053
550	Peace Officers Training Fund.....	715,581	393,808	724,225		385,164	075,906	540,230		520,834	871,800	854,202		638,372
671	Petroleum and Gas Fund.....	158,179	700,226	832,852		115,552	800,970	864,178		142,344	852,416	894,786		100,000
587	Pilot Commissioner's Special Fund.....	36,639	31,106	25,480		41,205	30,006	26,960		43,315	20,612	26,512		38,803
79	Poultry Testing Project Fund.....	46,506	66,015	101,944		53,393	52,878	139,067		26,113	48,666	145,365		7,500
				-102,822	(+102,822)			-62,839	(+62,836)			-75,086	(+75,086)	
	Professional and Vocations Fund:													
566	Accountancy Fund.....	443,502	483,385	300,013		626,364	124,662	296,812		454,204	464,664	331,733		617,135
597	Architectural Examiners Fund.....	84,651	119,454	93,968		110,147	268,365	117,813		250,099	70,726	125,328		205,067
606	Barber Examiners Fund.....	72,837	244,344	221,881		95,300	447,425	256,814		285,611	181,354	263,820		293,445
002	Cemetery Fund.....	21,646	55,377	58,094		18,329	73,540	62,946		28,923	72,565	63,128		38,360
008	Contractors License Board Fund.....	1,336,873	1,589,335	1,668,790		1,417,418	3,143,933	1,598,565		2,902,793	602,115	1,754,029		1,810,870
610	Cosmetology Contingent Fund.....	233,325	833,630	473,019		604,238	324,703	477,655		508,287	926,112	467,349		637,050
011	Dentistry Fund.....	136,210	56,122	144,536		47,796	166,166	166,166		174,809	70,500	158,232		87,107
613	Dry Cleaners Fund.....	66,732	816,956	411,337		561,851	150,062	430,476		221,977	800,490	444,514		043,653
616	Funeral Directors and Embalmers Fund.....	29,302	159,802	81,458		107,646	13,062	83,693		36,085	104,799	81,432		117,352
017	Furniture and Bedding Inspection Fund.....	107,372	993,834	499,222		607,954	61,477	503,092		165,766	1,041,302	521,893		685,268
620	Landscape Architects Fund.....	42,162	1,911	24,483		10,536	50,826	24,047		46,303	5,106	21,367		27,096
624	Medical Examiners Contingent Fund.....	896,679	362,987	576,358		082,408	1,299,000	616,086		1,335,322	373,814	615,151		1,093,085
	Board of Nursing Education and Nurse Registration Fund.....	316,675	486,337	455,051		346,961	505,333	524,565		327,099	538,418	568,018		267,066
626		21,816	125,691	59,904		87,403	3,900	63,992		27,311	130,565	65,378		62,468
629	Osteopathic Examiners, Contingent Fund of the Board of.....	84,300	23,804	60,316		47,788	11,300	36,278		28,810	10,250	22,876		16,184
630	Pharmacy Board Contingent Fund.....	139,330	366,890	402,976		103,294	571,360	426,737		247,863	286,834	448,746		85,657
624	Physical Therapy Fund.....	16,137	468	12,764		0,751	38,230	16,101		28,880	393	10,246		13,027
632	Private Investigator and Adjuster Fund.....	65,415	181,023	130,286		80,750	31,080	156,465		107,152	161,166	104,004		17,856
004	Professional Engineers Fund.....	161,673	575,103	401,929		335,857	212,675	430,058		118,454	720,990	436,305		400,010
635	Registered Social Workers Fund.....	14,136	35,640	32,662		16,517	33,767	35,667		14,647	32,850	33,763		13,794
633	Shorthand Reporters Fund.....	33,213	47,568	23,475		57,303	12,150	24,828		44,625	60,775	26,111		60,250
637	Structural Pest Control Fund.....	64,397	292,018	275,124		81,291	298,760	310,940		66,111	951,877	417,948		603,040
638	Veterinary Examiners' Contingent Fund.....	20,078	30,206	31,900		18,354	85,475	37,965		65,894	9,211	36,364		36,741
640	Vocational Nurse Examiners Fund.....	62,089	26,693	140,479		126,210	46,287	142,488		24,009	213,508	150,444		87,073
642	Yacht and Ship Brokers Fund.....	43,954	23,762	20,368		47,378	24,975	23,734		48,610	25,886	23,704		50,800
	Real Estate Education, Research and Recovery Fund.....			569,657		1,108,687	530,000	552,333		1,146,264	536,146	664,926		1,016,474
552	Real Estate Fund.....	1,243,246	494,988	2,294,361		782,716	2,406,937	2,438,871		749,781	2,459,626	2,003,602		605,804
555	Savings and Loan Inspection Fund.....	774,023	1,402,573	1,222,015		954,581	1,704,683	1,328,991		1,330,273	1,746,812	1,526,405		1,553,680
2	Senate Contingent Fund.....	720,674		2,009,800				2,112,166				2,537,006		
				-1,851,727	(+1,851,727)	+478,511		-2,661,766	(+2,661,766)	+458,155		-2,080,821	(+2,080,821)	+1,076

Schedule 4—SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1963, JUNE 30, 1964, AND JUNE 30, 1965—Continued

Fund	Page refer- ence	Accumulated surplus June 30, 1962	Actual income 1962-63	Actual expenditures 1962-63	Transfers between funds	Accumulated surplus June 30, 1963	Estimated income 1963-64	Estimated expenditures 1963-64	Transfers between funds	Accumulated surplus June 30, 1964	Estimated income 1964-65	Estimated expenditures 1964-65	Transfers between funds	Accumulated surplus June 30, 1965
SPECIAL FUNDS—Continued														
State Fair Fund.....	393	-218,945	1,787,177	2,293,915 -451,157	+265,000 (+451,157)	-9,526	2,457,827	2,976,243 -244,342	+265,000 (+244,342)	-18,600	2,460,221	2,994,131 -287,510	+265,000 (+287,510)	
State School Fund.....	1077	258,807	3,108,424	3,000,925		366,306	3,316,100	3,500,000		182,406	3,371,750	3,500,000		54,156
State School Construction Fund.....	1087	1,000,000		173,967		820,033		268,275		551,758		130,000		421,758
Subsistence Abatement Fund.....	671	126,739	71,167	86,100		111,806	93,364	96,347		108,823	89,857	98,680		100,000
Transportation Rate Fund.....	651	1,916,043	4,056,123	3,255,623		2,716,543	4,182,328	3,790,607		3,108,264	3,824,645	4,091,277		2,841,632
Wildlife Restoration Fund.....	1036	2,142,504	875,510	935,321		2,082,693	833,981	962,975		1,963,699	832,104	875,067		1,910,736
Tort Liability Claims.....								440,000		-440,000		646,000		-1,086,000
Provision for Salary Increases.....								5,800,470		-5,800,470		11,710,762		-17,511,232
TOTALS, SPECIAL FUNDS.....		\$333,572,245	\$801,920,355	\$821,683,394		\$257,806,450	\$846,401,829	\$1,015,240,540		\$136,369,247	\$932,387,370	\$939,273,456		\$130,815,414
						*\$53,299,888				*\$5,948,380				*\$4,666,127
						b\$2,702,868				b\$2,652,868				b\$2,602,868
GRAND TOTALS, ALL STATE FUNDS.....														
		\$432,752,432	\$2,667,917,387	\$2,702,817,692		\$303,261,445	\$3,035,683,656	\$3,134,506,670		\$252,197,599	\$3,120,916,556	\$3,263,598,639		\$139,581,806
						*\$91,887,814	(+42,800,919)			*\$47,068,646				*\$26,072,386
						b\$2,702,868				b\$2,652,868				b\$2,602,868

^a General Fund—Reserve for Unencumbered Balance of Continuing Appropriations:

	1963-64	1964-65
State Operations.....	\$1,174,392	\$11,000
Capital Outlay:		
California Museum of Science and Industry.....	281,425	
California State Fair.....	6,209,047	
Local Assistance.....	4,475,402	
Reserve for Education.....	20,000,000	
Reserve for Medical Care obligations and possible Federal adjustments.....	9,000,000	
Total Reserves, General Fund.....	\$41,140,266	\$21,406,259

^b Special Funds—Reserve for Unencumbered Balance of Continuing Appropriations

^c Invested in Agriculture Building Fund.

^e Accumulated Surplus adjusted for \$5,000,000 loan from the General Fund and \$15,120 Board of Control claim approved by State Highway Commission and not yet approved by the State Board of Control.

Schedule 5

STATEMENT OF BALANCES IN OTHER TREASURY FUNDS WHICH ARE NOT INCLUDED IN THE BUDGET TOTALS

Fund	Page Ref- er- ence	Balance June 30, 1962				Balance June 30, 1963			
		Cash	Securities	Due from Surplus Money Investment Fund	Total	Cash	Securities	Due from Surplus Money Investment Fund	Total
WORKING CAPITAL AND REVOLVING FUNDS:									
Agriculture Building Fund.....	1201	\$53,560	-----	-----	\$53,560	\$21,330	-----	-----	\$21,330
Architecture Revolving Fund.....	1153	63,020,446	-----	-----	63,020,446	62,455,491	-----	-----	62,455,491
Ballot Paper Revolving Fund.....	1142	35,850	-----	-----	35,850	85,302	-----	-----	85,302
California Industries for the Blind Manufacturing Fund.....	1174	269,104	-----	-----	269,104	37,236	-----	-----	37,236
Correctional Industries Revolving Fund.....	1158	1,908,393	-----	-----	1,908,393	1,571,725	-----	-----	1,571,725
Highway Right of Way Acquisition Fund.....	974	2,697,528	-----	-----	2,697,528	1,324,923	-----	-----	1,324,923
Opportunity Work Centers Revolving Fund.....	1142	18,546	-----	-----	18,546	12,507	-----	-----	12,507
Old Age and Survivors Insurance Revolving Fund.....	1142	140,035	-----	-----	140,035	137,636	-----	-----	137,636
Public Building Construction Fund.....	1198	69,804	-----	\$750,000	819,804	83,408	-----	\$150,000	533,408
Service Revolving Fund.....	1143	504,000	-----	-----	504,000	1,148,423	-----	-----	1,148,423
Soil Conservation Development Fund.....	1178	49,651	-----	-----	49,651	59,059	-----	-----	59,059
State Payroll Revolving Fund.....	1142	49,940,981	-----	-----	49,940,981	62,280,579	-----	-----	62,280,579
State Water Pollution Control Fund.....	1179	70,213	-----	-----	70,213	36,830	-----	-----	36,830
Surplus Educational Property Revolving Fund.....	1173	251,702	-----	-----	251,702	618,326	-----	-----	618,326
Surplus Money Investment Fund.....	1142	187,244	\$166,938,747	-----	2,525,991	73,422	\$236,036,617	-----	3,465,039
Water Rights Board Revolving Fund.....	1142	73,095	-----	-----	73,095	46,685	-----	-----	46,685
Water Resources Revolving Fund.....	1180	5,426,173	-----	-----	5,426,173	1,635,085	-----	-----	1,635,085
PUBLIC SERVICE ENTERPRISE FUNDS:									
San Francisco Harbor Funds:									
San Francisco Harbor Improvement Fund.....	1220	299,877	-----	4,000,000	4,299,877	193,436	-----	4,050,000	4,243,436
India Basin Sinking Fund.....	1142	1,984	7,893	-----	9,877	7,668	7,885	-----	15,553
San Francisco Seawall Sinking Fund No. 2.....	1142	10,798	8,907	-----	19,705	178,948	9,878	-----	188,826
San Francisco Seawall Sinking Fund No. 3.....	1142	11,585	10,887	-----	22,472	220,062	10,866	-----	230,928
San Francisco Seawall Sinking Fund No. 4.....	1142	83,410	198,794	-----	282,204	80,059	199,333	-----	279,392
San Francisco Seawall Fund No. 4.....	1142	29,293	-----	100,000	129,293	9,235	-----	120,000	129,235
San Francisco Seawall Fund No. 5.....	1142	47,769	-----	15,800,000	15,847,769	106,962	-----	13,850,000	13,956,962
Toll Bridge Funds:									
Carquinez Strait Bridges Construction Fund.....	1214	523,607	14,397,242	-----	14,920,849	92,289	12,897,530	-----	12,989,819
San Francisco-Oakland Bay Bridge Construction Fund.....	1214	22,054	496,545	-----	518,599	19,444	147,745	-----	167,189
San Francisco-Oakland Bay Bridge Toll Revenue Fund.....	1214	389,668	52,496,104	-----	52,885,772	250,889	48,531,722	-----	48,782,611
Southern Crossing Engineering Fund.....	1214	35,244	49,303	-----	84,547	21,651	29,536	-----	51,187
Toll Bridge Authority Revolving Fund.....	1142	50,000	-----	50,000	50,000	50,000	-----	-----	50,000
San Pedro-Terminal Island Toll Bridge Construction Fund.....	1215	295,752	11,094,147	-----	11,389,899	318,390	3,783,212	-----	4,101,602
Other Utility Funds:									
College Auxiliary Enterprise Fund.....	1212	123,511	-----	500,000	123,511	130,082	-----	2,500,000	130,082
Compensation Insurance Fund.....	1216	1,046,244	113,938,349	-----	115,484,593	913,271	138,887,500	-----	142,300,771
Small Craft Harbor Revolving Fund.....	1130	2,262,882	-----	-----	2,262,882	2,834,221	-----	-----	2,834,221
Small Craft Harbor Improvement Fund.....	1130	-----	-----	-----	-----	70,599	-----	-----	70,599
State College Dormitory Revenue Fund.....	1212	738,118	-----	-----	738,118	672,465	-----	-----	672,465
Unemployment Compensation Disability Fund.....	1241	592,162	71,928,920	-----	72,521,082	1,157,956	47,222,809	-----	48,380,765
Veterans Farm and Home Building Fund of 1943.....	1218	996,314	-----	42,000,000	42,996,314	1,335,679	64,000,000	-----	65,335,679

Schedule 5—STATEMENT OF BALANCES IN OTHER TREASURY FUNDS WHICH ARE NOT INCLUDED IN THE BUDGET TOTALS—Continued

Fund	Page Ref- er- ence	Balance June 30, 1962				Balance June 30, 1963			
		Cash	Securities	Due from Surplus Money Investment Fund	Total	Cash	Securities	Due from Surplus Money Investment Fund	Total
BOND FUNDS:									
California Water Resources Development Bond Fund.....	1062	178,316	-----	-----	178,316	120,961	-----	575,000	695,961
Public School Building Loan Fund.....	1084	33,669	-----	-----	33,669	70,664	-----	-----	70,664
State School Building Aid Fund.....	1083	118,010,008	-----	-----	118,010,008	65,499,999	-----	-----	65,499,999
State Construction Program Fund.....	1067	81,214,518	-----	-----	81,214,518	49,220,009	-----	-----	49,220,009
Small Craft Harbor Bond Fund.....	1130	213,271	-----	3,000,000	3,213,271	181,484	-----	5,000,000	5,181,484
RETIREMENT FUNDS:									
Judges' Retirement Fund.....	1221	42,002	1,961,598	-----	2,003,600	3,108	1,592,125	-----	1,595,233
Legislators' Retirement Fund.....	1222	21,456	406,607	-----	428,063	42,393	439,000	-----	481,393
State Employees' Retirement Fund.....	1222	6,125,509	1,550,934,002	-----	1,557,059,511	4,783,568	1,762,293,339	-----	1,767,076,907
Teachers' Retirement Fund.....	1221	7,029,066	687,058,621	-----	694,087,687	6,754,550	787,697,239	-----	794,451,789
DEBT SERVICE FUNDS:									
Harbor Bond Sinking Fund.....	1030	2,070	-----	-----	2,070	422,250	-----	-----	422,250
Olympic Bond Fund.....	793	683	211,798	-----	212,481	5,658	183,999	-----	189,657
Sacramento State Building Interest and Sinking Fund.....	793	647	4,197,422	-----	4,198,069	780	4,354,210	-----	4,354,990
State College Dormitory Interest and Redemption Fund.....	1200	921	980,621	-----	981,542	769	1,371,101	-----	1,371,870
TRUST AND AGENCY FUNDS:									
Federal Funds:									
Central Valley Water Project Construction Fund.....	1061	75,640	-----	-----	75,640	78,826	-----	14,025,000	14,103,826
Central Valley Water Project Revenue Fund.....	-----	-----	-----	-----	-----	29,036	-----	-----	29,036
Public Health—Federal Fund.....	-----	881,817	-----	-----	881,817	2,159,837	-----	-----	2,159,837
Social Welfare—Federal Fund.....	-----	6,557,101	-----	-----	6,557,101	10,148,041	-----	-----	10,148,041
Unemployment Administration Fund.....	1242	7,261,452	-----	-----	7,261,452	4,603,321	-----	-----	4,603,321
Vocational Education—Federal Fund.....	-----	2,585,744	-----	-----	2,585,744	3,137,728	-----	-----	3,137,728
Vocational Rehabilitation—Federal Fund.....	-----	248,483	-----	-----	248,483	233,963	-----	-----	233,963
Other Trust and Agency Funds:									
Condemnation Deposit Fund.....	1142	11,946,711	23,246,591	-----	35,193,302	15,213,718	22,272,470	-----	37,486,188
Inmate Welfare Fund.....	1171	158,207	-----	-----	158,207	152,012	-----	-----	152,012
Medical Care Premium Deposits Fund.....	1113	16,739,735	-----	-----	16,739,735	21,050,061	-----	-----	21,050,061
School Land Fund.....	1142	61,884	11,873,200	8,200,000	20,135,084	168,003	10,414,219	10,550,000	21,132,222
Special Deposit Fund.....	1142	11,256,956	-----	1,350,000	12,606,956	14,192,232	-----	1,050,000	15,242,232
State Employees Contingency Reserve Fund.....	1223	187,093	101,191	-----	348,284	111,974	612,372	-----	724,346
State Park Contingent Fund.....	1142	40,299	-----	40,299	40,299	45,994	-----	-----	45,994
Tax Decided Land Rental Trust Fund.....	1142	2,291	-----	2,291	2,291	4,335	-----	-----	4,335
Unleashed Property Fund.....	1142	79,493	4,286,043	400,000	4,765,536	218,834	4,269,876	550,000	5,038,710
Unemployment Fund.....	1241	12,702	-----	-----	12,702	58,005	-----	-----	58,005
TOTAL BALANCES IN OTHER TREASURY FUNDS.....									
General Fund.....	-----	\$403,244,341	\$2,710,883,532	\$—88,500,000	\$3,031,627,873	\$339,003,386	\$3,083,264,583	\$—115,925,000	\$3,306,342,969
Highway Fund and Motor Vehicle Funds.....	-----	122,422,713	92,682,040	38,850,000	122,422,713	115,680,742	-----	-----	115,680,742
Other Special Funds.....	-----	19,757,633	101,554,214	49,650,000	151,233,673	33,043,726	69,391,703	38,700,000	131,135,429
Treasurer's Trust Accounts.....	-----	20,768,800	-----	-----	171,973,014	24,541,435	62,470,000	77,225,000	164,236,335
Uncleared Collections.....	-----	60,155,685	-----	-----	60,155,685	58,653,730	-----	-----	58,653,730
Warrants Outstanding.....	-----	743,869	-----	-----	743,869	1,201,384	-----	-----	1,201,384
Time Deposits in Banks ^a	-----	108,134,435	211,459,000	-----	108,134,435	157,560,392	215,296,000	-----	157,560,392
Pooled Money Account ^a	-----	—211,459,000	437,262,211	-----	—211,459,000	—470,230,503	470,230,503	-----	-----
TOTALS, STATE TREASURERS ACCOUNTABILITY.....									
-----	-----	\$36,476,265	\$3,609,870,997	-----	\$3,646,347,262	\$44,163,092	\$3,890,642,789	-----	\$3,934,810,881

^a Not identified as to fund.

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65			
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total	
STATE OPERATIONS—Continued											
Regulation and Licensing:											
565	Department of Alcoholic Beverage Control.....	\$4,039,311	-----	\$4,039,311	\$4,492,079	-----	\$4,492,079	\$4,541,501	-----	\$4,541,501	
567	Alcoholic Beverage Control Appeals Board.....	108,913	-----	108,913	118,627	-----	118,627	121,434	-----	121,434	
568	District Securities Commission.....	70,373	-----	70,373	71,751	-----	71,751	72,713	-----	72,713	
569	Horse Racing Board.....	-----	\$211,877	211,877	-----	\$217,027	217,027	-----	\$217,698	217,698	
Department of Investment:											
571	Banking Department.....	-----	814,299	814,299	-----	850,014	850,014	-----	961,294	961,294	
572	Division of Corporations.....	2,622,667	-----	2,622,667	2,820,608	-----	2,820,608	3,006,673	-----	3,006,673	
574	Department of Insurance.....	2,429,170	-----	2,429,170	2,724,568	-----	2,724,568	500,000	-----	2,985,829	
579	Division of Real Estate.....	2,514,235	-----	2,514,235	2,748,961	-----	2,748,961	3,008,378	-----	3,008,378	
583	Division of Savings and Loan.....	1,222,615	-----	1,222,615	-----	1,328,991	1,328,991	-----	1,526,405	1,526,405	
Totals, Department of Investment.....		\$2,622,667	\$6,980,319	\$9,602,986	\$2,820,608	\$7,652,534	\$10,473,142	\$3,506,673	\$7,981,906	\$11,488,579	
585	Board of Pilot Commissioners for Harbor of San Diego.....	\$975	-----	\$975	\$1,435	-----	\$1,435	\$1,435	-----	\$1,435	
586	Board of Pilot Commissioners for Bays of San Francisco, San Pablo, and Suisun Department of Professional and Vocational Standards:	-----	\$25,480	25,480	-----	\$25,950	25,950	-----	\$26,512	26,512	
594	Board of Accountancy.....	-----	300,613	300,613	-----	296,812	296,812	-----	331,733	331,733	
596	Board of Architectural Examiners.....	-----	93,958	93,958	-----	117,813	117,813	-----	125,328	125,328	
598	Athletic Commission.....	179,135	-----	179,135	183,243	-----	183,243	187,095	-----	187,095	
599	Board of Barber Examiners.....	-----	221,881	221,881	-----	256,814	256,814	-----	263,820	263,820	
601	Cemetery Board.....	-----	58,694	58,694	-----	62,946	62,946	-----	63,128	63,128	
602	Board of Chiropractic Examiners.....	-----	95,974	95,974	-----	107,946	107,946	-----	112,398	112,398	
Board of Registration for Civil and Professional Engineers.....											
603	Collection Agency Licensing Bureau.....	-----	401,029	401,029	-----	430,048	430,048	-----	439,395	439,395	
605	Contractors' License Board.....	-----	200,385	200,385	-----	273,169	273,169	-----	283,571	283,571	
606	Board of Cosmetology.....	-----	1,508,616	1,508,616	-----	1,598,558	1,598,558	-----	1,754,029	1,754,029	
608	Board of Dental Examiners.....	-----	473,019	473,019	-----	477,655	477,655	-----	497,349	497,349	
610	Board of Dry Cleaners.....	-----	144,536	144,536	-----	166,160	166,160	-----	158,232	158,232	
612	Bureau of Electronic Repair Dealer Registration.....	-----	301,136	301,136	-----	315,207	315,207	-----	325,026	325,026	
613	Board of Funeral Directors and Embalmers.....	-----	81,458	81,458	-----	127,458	127,458	-----	252,272	252,272	
615	Bureau of Furniture and Bedding Inspection.....	-----	499,222	499,222	-----	503,692	503,692	-----	84,432	84,432	
616	Board of Guide Dogs for the Blind.....	2,553	-----	2,553	2,489	-----	2,489	2,495	-----	2,495	
618	Board of Landscape Architects.....	-----	24,483	24,483	-----	24,047	24,047	-----	24,307	24,307	
619	Marriage Counselors.....	-----	589,152	589,152	-----	2,495	2,495	-----	1,775	1,775	
620	Board of Medical Examiners.....	-----	456,031	456,031	-----	662,187	662,187	-----	631,397	631,397	
Board of Nursing Education and Nurse Registration.....											
625	Board of Optometry.....	-----	59,904	59,904	-----	524,595	524,595	-----	569,018	569,018	
626	Board of Osteopathic Examiners.....	-----	60,316	60,316	-----	63,992	63,992	-----	65,378	65,378	
628	Board of Pharmacy.....	-----	402,976	402,976	-----	30,228	30,228	-----	22,876	22,876	
629	Bureau of Private Investigators and Adjusters.....	-----	139,286	139,286	-----	426,737	426,737	-----	448,740	448,740	
631	-----	-----	-----	-----	-----	156,465	156,465	-----	158,064	158,064	

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
632 634 635 637 638 641	STATE OPERATIONS—Continued									
	Regulation and Licensing—Continued									
	Department of Professional and Vocational Standards—Continued									
	Certified Shorthand Reporters Board		\$23,475	\$23,475		\$24,828	\$24,828		\$26,141	\$26,141
	Board of Social Work Examiners		32,662	32,662		35,667	35,667		33,793	33,793
633 636 639 642 645 648 651	Structural Pest Control Board		275,124	275,124		310,940	310,940		417,948	417,948
	Board of Examiners in Veterinary Medicine		31,900	31,900		37,965	37,965		39,364	39,364
	Board of Vocational Nurse Examiners		140,479	140,479		142,488	142,488		150,444	150,444
	Yacht and Ship Brokers Commission		20,368	20,368		23,734	23,734		23,704	23,704
	Totals, Department of Professional and Vocational Standards	\$181,688	\$6,636,677	\$6,818,365	\$185,732	\$7,284,309	\$7,470,041	\$189,590	\$7,825,465	\$8,015,055
643 646 649 652 655 658 661 664 667 670 673 676 679 682 685 688 691 694 697 700 703 706 709 712 715 718 721 724 727 730 733 736 739 742 745 748 751 754 757 760 763 766 769 772 775 778 781 784 787 790 793 796 799 802 805 808 811 814 817 820 823 826 829 832 835 838 841 844 847 850 853 856 859 862 865 868 871 874 877 880 883 886 889 892 895 898 901 904 907 910 913 916 919 922 925 928 931 934 937 940 943 946 949 952 955 958 961 964 967 970 973 976 979 982 985 988 991 994 997 1000	Public Utilities Commission	\$3,959,208	\$3,255,623	\$7,214,831	\$4,094,401	\$3,790,420	\$7,884,821	\$4,363,194	\$4,091,277	\$8,454,471
	Totals, Regulation and Licensing	\$10,983,135	\$17,109,976	\$28,093,111	\$11,784,633	\$18,970,240	\$30,754,873	\$12,796,540	\$20,142,858	\$32,938,398
	Resources:									
	Resources Agency Administrator									
	Department of Conservation (includes California Youth Conservation and Training Program)	\$25,953,620	\$918,952	\$26,872,572	27,975,176	\$960,525	28,935,701	29,217,648	\$993,469	30,211,117
	Fish and Game:									
	Department of Fish and Game		10,694,089	10,694,089		10,867,143	10,867,143		11,196,840	11,196,840
	Marine Research Committee		86,682	86,682		113,205	113,205		90,644	90,644
	Wildlife Conservation Board		84,175	84,175		85,020	85,020		85,467	85,467
	Totals, Fish and Game		\$10,864,946	\$10,864,946		\$11,065,368	\$11,065,368		\$11,372,951	\$11,372,951
	Department of Parks and Recreation	\$7,847,667		\$7,847,667	\$8,745,304		\$8,745,304	\$9,164,476		\$9,164,476
	Water Resources:									
	Department of Water Resources	\$9,072,595	\$65,900	\$9,138,495	\$10,031,747	\$200,258	\$10,232,005	\$10,199,578	\$100,311	\$10,299,889
	State Water Rights Board	\$76,084		\$76,084	968,004		968,004	998,651		998,651
	Reclamation Board	189,531		189,531	250,974		250,974	145,199		145,199
	Colorado River Board	214,934		214,934	226,360		226,360	232,706		232,706
	Colorado River Boundary Commission	23,829		23,829	63,157		63,157	24,259		24,259
	Klamath River Compact Commission	5,697		5,697	5,333		5,333	4,627		4,627
	California-Nevada Interstate Compact Commission	85,631		85,631	79,971		79,971	71,133		71,133
	Water Quality Control Board	914,702		914,702	975,400		975,400	977,646		977,646
	Goose Lake Compact Commission	2,367		2,367	2,000		2,000			
	Totals, Water Resources	\$11,385,370	\$65,900	\$11,451,270	\$12,602,946	\$200,258	\$12,803,204	\$12,653,799	\$100,311	\$12,754,110
	Totals, Resources	\$45,186,657	\$11,849,798	\$57,036,455	\$49,460,311	\$12,226,151	\$61,686,462	\$51,199,032	\$12,466,731	\$63,665,763

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
	STATE OPERATIONS—Continued									
	Veterans Affairs:									
	Department of Veterans Affairs:									
769	General Activities.....	\$3,961,881		\$3,961,881	\$4,348,249		\$4,348,249	\$646,622		\$646,622
772	Veterans' Home of California.....	3,100,121		3,100,121	3,469,383		3,469,383	3,684,489		3,684,489
774	Woman's Relief Corps Home.....	3,600		3,600	3,900		3,900	3,900		3,900
	United Spanish War Veterans Commis- sion.....	3,117		3,117	3,400		3,400	3,400		3,400
	Totals, Veterans Affairs.....	\$7,068,719		\$7,068,719	\$7,824,932		\$7,824,932	\$4,338,411		\$4,338,411
776	Provision for Salary Increases.....				\$18,136,630	\$5,800,470	\$23,937,100	\$44,093,153	\$11,710,762	\$55,803,915
778	Reserve for Contingencies.....				732,227		732,227	1,000,000		1,000,000
	Miscellaneous:									
783	Advisory Commission on Indian Affairs.....				\$5,000		\$5,000	\$9,000		\$9,000
784	California Arts Commission.....				50,000		50,000	50,000		50,000
784	Legislative Claims.....	\$97,802	\$14,578	\$112,380	191,433	\$40,517	231,950	39,289	\$21,425	60,714
	Payment of Interest on General Fund Loans.....	67,534		67,534	129,167		129,167	87,500		87,500
786	Permanent Revolving Funds.....	107,259	750,000	857,259	83,421	2,000,000	2,083,421	1,330,093	2,000,000	3,330,093
787	Personal Services Not Elsewhere Reported.....	544,581		544,581	695,500		695,500	*855,000		855,000
	Expense of Presidential Electors.....							1,500		1,500
788	Refunds of Taxes, Licenses and Other Fees.....	19,112		19,112	20,000		20,000	20,000		20,000
788	Tort Liability Claims.....				660,000	440,000	1,100,000	970,000	646,000	1,616,000
	Workmen's Compensation Benefits for State Employees.....	2,415,750		2,415,750	2,700,000		2,700,000	3,000,000		3,000,000
791	Workmen's Compensation Benefits for Subsequent Injuries.....	640,840		640,840	690,000		690,000	775,000		775,000
	Totals, Miscellaneous.....	\$3,892,878	\$764,578	\$4,657,456	\$5,224,521	\$2,480,517	\$7,705,038	\$7,137,382	\$2,667,425	\$9,804,807
792	Debt Service:									
	Bond Interest and Redemption.....	\$22,427,966		\$22,427,966	\$26,855,305		\$26,855,305	\$31,283,650		\$31,283,650
	Credits to General Fund for Overhead Services Charged to Agencies Supported from Special Funds.....	—6,260,531		—6,260,531	—5,600,000		—5,600,000	—6,000,000		—6,000,000
	Estimated Unidentifiable Savings.....				—6,000,000		—6,000,000	—8,000,000		—8,000,000
	NET TOTALS, STATE OPERATIONS.....	\$675,939,064	\$187,525,649	\$863,464,713	\$746,740,250	\$211,579,727	\$958,319,977	\$829,733,132	\$225,878,012	\$1,055,611,144

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- erence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
801	CAPITAL OUTLAY									
	Administration:									
	Department of General Services.....				\$48,200		\$48,200	\$1,353,076		\$1,353,076
	Agriculture:									
	Department of Agriculture.....	\$105,055	—\$41,513	\$63,542	\$142,685		\$142,685			
802	District Agricultural Associations.....	1,497,510	1,497,510	1,497,510	30,000	\$2,724,401	2,754,401		\$1,644,900	\$1,644,900
815	Museum of Science and Industry.....	—117,424	156,704	39,280	322,032	110,673	432,705	266,579	78,846	345,425
	Totals, Agriculture.....	—\$12,369	\$1,612,701	\$1,600,332	\$494,717	\$2,835,074	\$3,329,791	\$266,579	\$1,723,746	\$1,990,325
	Corrections:									
	Department of Corrections:									
820	California Conservation Center.....	\$795,313		\$795,313	\$78,728		\$78,728	\$2,500		\$2,500
821	Southern Conservation Center.....							22,506		22,506
822	Correctional Institution at Tehachapi.....				52,180		52,180	11,000		11,000
823	Correctional Training Facility.....	122,064		122,064	62,462		62,462	70,516		70,516
825	Deuel Vocational Institution.....	8,187		8,187	72,957		72,957	65,150		65,150
826	State Prison at Folsom.....	30,113		30,113	79,387		79,387	107,253		107,253
827	Institution for Men.....	44,535		44,535	130,308		130,308	79,930		79,930
829	Medical Facility.....	—3,582		—3,582	3,000		3,000	4,055		4,055
830	Men's Colony—East Facility.....	73,153		73,153	16,982		16,982	35,761		35,761
831	Men's Colony—West Facility.....	10,799		10,799	24,325		24,325	10,600		10,600
833	State Prison at San Quentin.....	40,164		40,164	193,720		193,720	60,893		60,893
834	Institution for Women.....	8,446		8,446	4,500		4,500	8,500		8,500
	Totals, Department of Corrections.....	\$1,129,192		\$1,129,192	\$718,549		\$718,549	\$478,664		\$478,664
	Department of the Youth Authority:									
839	Northern California Reception Center and Clinic.....	\$10,335		\$10,335	\$38,767		\$38,767	\$23,700		\$23,700
840	Southern California Reception Center and Clinic.....	—2,236		—2,236				71,400		71,400
	Youth Authority Conservation Camps for Boys.....									
841	Fricot Ranch School for Boys.....	29,595		29,595	18,300		18,300	8,900		8,900
842	Fred C. Nelles School for Boys.....	—3,864		—3,864	111,300		111,300	30,600		30,600
844	Northern California Youth Center.....	1,021		1,021	147,187		147,187			
845	Paso Robles School for Boys.....	125,827		125,827	61,500		61,500			
846	Preston School of Industry.....	9,789		9,789	157,719		157,719	53,700		53,700
847	Youth Training School.....	73,462		73,462	142,016		142,016	138,000		138,000
849	Los Guillicos School for Girls.....	47,225		47,225	5,313		5,313	3,200		3,200
850	Ventura School for Girls.....	25,573		25,573	7,714		7,714	56,900		56,900
851					22,750		22,750	24,700		24,700
	Totals, Department of the Youth Authority.....	\$316,727		\$316,727	\$712,566		\$712,566	\$411,100		\$411,100
	Totals, Corrections.....	\$1,445,919		\$1,445,919	\$1,431,115		\$1,431,115	\$889,764		\$889,764

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
CAPITAL OUTLAY—Continued										
852 853 854 851	Education: Special Schools for Physically Handicapped Children:									
	School for the Blind.....	\$59,352	-----	\$59,352	\$19,522	-----	\$19,522	\$6,000	-----	\$6,000
	School for Cerebral Palsied Children, Southern California.....				42,902	-----	42,902			5,000
	School for the Deaf, Berkeley.....	9,973	-----	9,973	70,282	-----	70,282	5,000	-----	12,242
	School for the Deaf, Riverside.....	2,351	-----	2,351	9,220	-----	9,220	12,242	-----	
	Totals, Education.....	\$71,676	-----	\$71,676	\$141,926	-----	\$141,926	\$23,242	-----	\$23,242
874	Higher Education: University of California.....	\$3,582,700	-----	\$3,582,700	\$1,949,400	-----	\$1,949,400	\$1,996,100	-----	\$1,996,100
	State Colleges:									
	Trustees of the California State Colleges.....	46,415	-----	46,415	46,415	-----	46,415			
	Chico State College.....	538,667	-----	538,667	397,197	-----	397,197	99,250	-----	99,250
	Fresno State College.....	39,191	-----	39,191	166,159	-----	166,159	107,300	-----	107,300
886 888 890	State College at Hayward.....	10,314	-----	10,314	107,100	-----	107,100	40,000	-----	40,000
	Humboldt State College.....	21,615	-----	21,615	195,634	-----	195,634	68,000	-----	68,000
	Long Beach State College.....	133,974	-----	133,974	182,625	-----	182,625	90,000	-----	90,000
	Los Angeles State College of Applied Arts and Sciences.....	204,646	-----	204,646	298,870	-----	298,870	67,800	-----	67,800
	Orange State College.....	306,723	-----	306,723	198,000	-----	198,000	10,200	-----	10,200
896 900 902 904 906 908	Sacramento State College.....	141,331	-----	141,331	61,050	-----	61,050	57,000	-----	57,000
	San Diego State College.....	156,284	-----	156,284	192,004	-----	192,004	90,400	-----	90,400
	San Fernando Valley State College.....	81,426	-----	81,426	16,181	-----	16,181	88,550	-----	88,550
	San Francisco State College.....	227,100	-----	227,100	73,494	-----	73,494	57,800	-----	57,800
	San Jose State College.....	678,119	-----	678,119	228,601	-----	228,601	93,700	-----	93,700
908 909 913	Sonoma State College.....		-----		53,840	-----	53,840	50,000	-----	50,000
	Stanislaus State College.....	50,013	-----	50,013	24,037	-----	24,037		-----	
	State Polytechnic College.....	1,685,606	-----	1,685,606	269,528	-----	269,528	109,050	-----	109,050
	Totals, State Colleges.....	\$3,205,856	-----	\$3,205,856	\$2,510,735	-----	\$2,510,735	\$1,029,050	-----	\$1,029,050
	Maritime Academy.....	\$8,566	-----	\$8,566	\$41,295	-----	\$41,295	\$16,600	-----	\$16,600
915	Totals, Higher Education.....	\$6,797,122	-----	\$6,797,122	\$4,501,430	-----	\$4,501,430	\$3,041,750	-----	\$3,041,750
	Employment: Department of Employment.....									

917	Fiscal Affairs: Department of Finance:									
	General Activities.....	\$510,205	-----	\$510,205	\$3,069,841	-----	\$3,069,841	-----		
	State Fair and Exposition.....	25,647	-----	25,647	22,000	-----	22,000	-----		

920 921	Totals, Fiscal Affairs.....	\$535,852	-----	\$535,852	\$3,091,841	-----	\$3,091,841	\$50,000	-----	\$50,000
917	Employment: Department of Employment.....									

920 921	Fiscal Affairs: Department of Finance:									
	General Activities.....	\$510,205	-----	\$510,205	\$3,069,841	-----	\$3,069,841	-----		
	State Fair and Exposition.....	25,647	-----	25,647	22,000	-----	22,000	-----		

917	Totals, Fiscal Affairs.....	\$535,852	-----	\$535,852	\$3,091,841	-----	\$3,091,841	\$50,000	-----	\$50,000
917	Employment: Department of Employment.....									

920 921	Fiscal Affairs: Department of Finance:									
	General Activities.....	\$510,205	-----	\$510,205	\$3,069,841	-----	\$3,069,841	-----		
	State Fair and Exposition.....	25,647	-----	25,647	22,000	-----	22,000	-----		

917	Totals, Fiscal Affairs.....	\$535,852	-----	\$535,852	\$3,091,841	-----	\$3,091,841	\$50,000	-----	\$50,000
917	Employment: Department of Employment.....									

920 921	Fiscal Affairs: Department of Finance:									
	General Activities.....	\$510,205	-----	\$510,205	\$3,069,841	-----	\$3,069,841	-----		
	State Fair and Exposition.....	25,647	-----	25,647	22,000	-----	22,000	-----		

917	Totals, Fiscal Affairs.....	\$535,852	-----	\$535,852	\$3,091,841	-----	\$3,091,841	\$50,000	-----	\$50,000
917	Employment: Department of Employment.....									

920 921	Fiscal Affairs: Department of Finance:									
	General Activities.....	\$510,205	-----	\$510,205	\$3,069,841	-----	\$3,069,841	-----		
	State Fair and Exposition.....	25,647	-----	25,647	22,000	-----	22,000	-----		

917	Totals, Fiscal Affairs.....	\$535,852	-----	\$535,852	\$3,091,841	-----	\$3,091,841	\$50,000	-----	\$50,000
917	Employment: Department of Employment.....									

920 921	Fiscal Affairs: Department of Finance:									
	General Activities.....	\$510,205	-----	\$510,205	\$3,069,841	-----	\$3,069,841	-----		
	State Fair and Exposition.....	25,647	-----	25,647	22,000	-----	22,000	-----		

917	Totals, Fiscal Affairs.....	\$535,852	-----	\$535,852	\$3,091,841	-----	\$3,091,841	\$50,000	-----	\$50,000
917	Employment: Department of Employment.....									

920 921	Fiscal Affairs: Department of Finance:									
	General Activities.....	\$510,205	-----	\$510,205	\$3,069,841	-----	\$3,069,841	-----		
	State Fair and Exposition.....	25,647	-----	25,647	22,000	-----	22,000	-----		

917	Totals, Fiscal Affairs.....	\$535,852	-----	\$535,852	\$3,091,841	-----	\$3,091,841	\$50,000	-----	\$50,000
917	Employment: Department of Employment.....									

920 921	Fiscal Affairs: Department of Finance:									
	General Activities.....	\$510,205	-----	\$510,205	\$3,069,841	-----	\$3,069,841	-----		
	State Fair and Exposition.....	25,647	-----	25,647	22,000	-----	22,000	-----		

917	Totals, Fiscal Affairs.....	\$535,852	-----	\$535,852	\$3,091,841	-----	\$3,091,841	\$50,000	-----	\$50,000
917	Employment: Department of Employment.....									

920 921	Fiscal Affairs: Department of Finance:									
	General Activities.....	\$510,205	-----	\$510,205	\$3,069,841	-----	\$3,069,841	-----		
	State Fair and Exposition.....	25,647	-----	25,647	22,000	-----	22,000	-----		

917	Totals, Fiscal Affairs.....	\$535,852	-----	\$535,852	\$3,091,841	-----	\$3,091,841	\$50,000	-----	\$50,000
917	Employment: Department of Employment.....									

920 921	Fiscal Affairs: Department of Finance:									
	General Activities.....	\$510,205	-----	\$510,205	\$3,069,841	-----	\$3,069,841	-----		
	State Fair and Exposition.....	25,647	-----	25,647	22,000	-----	22,000	-----		

917	Totals, Fiscal Affairs.....	\$535,852	-----	\$535,852	\$3,091,841	-----	\$3,091,841	\$50,000	-----	\$50,000
917	Employment: Department of Employment.....									

920 921	Fiscal Affairs: Department of Finance:									
	General Activities.....	\$510,205	-----	\$510,205	\$3,069,841	-----	\$3,069,841	-----		
	State Fair and Exposition.....	25,647	-----	25,647	22,000	-----	22,000	-----		

917	Totals, Fiscal Affairs.....	\$535,852	-----	\$535,852	\$3,091,841	-----	\$3,091,841	\$50,000	-----	\$50,000

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
927	CAPITAL OUTLAY—Continued									
	Health and Welfare:									
	Department of Mental Hygiene:									
	Neuropsychiatric Institutes:									
	Langley Porter Neuropsychiatric In-									
	stitute.....	—\$47,942	—	—\$47,942	\$33,889	—	\$33,889	\$16,500	—	\$16,500
928	Neuropsychiatric Institute at Univer-	213,570	—	213,570	20,779	—	20,779	14,404	—	14,404
	sity of California at Los Angeles.....									
929	Hospitals for Mentally Ill:									
930	Agnews State Hospital.....	123,551	—	123,551	135,318	—	135,318	156,600	—	156,600
932	Atascadero State Hospital.....	34,074	—	34,074	65,428	—	65,428	42,000	—	42,000
933	Camarillo State Hospital.....	50,328	—	50,328	156,356	—	156,356	131,300	—	131,300
934	DeWitt State Hospital.....	100,521	—	100,521	120,631	—	120,631	100,500	—	100,500
936	Mendocino State Hospital.....	63,557	—	63,557	65,922	—	65,922	48,400	—	48,400
937	Metropolitan State Hospital.....	117,806	—	117,806	177,449	—	177,449	75,500	—	75,500
939	Modesto State Hospital.....	48,592	—	48,592	117,564	—	117,564	40,000	—	40,000
940	Napa State Hospital.....	130,560	—	130,560	158,407	—	158,407	105,200	—	105,200
942	Patton State Hospital.....	59,010	—	59,010	146,877	—	146,877	97,900	—	97,900
	Stockton State Hospital.....	108,818	—	108,818	142,422	—	142,422	94,900	—	94,900
944	Hospitals for Mentally Retarded:									
945	Fairview State Hospital.....	256,275	—	256,275	325,570	—	325,570	35,100	—	35,100
947	Pacific State Hospital.....	—19,818	—	—19,818	128,947	—	128,947	68,100	—	68,100
948	Porterville State Hospital.....	43,716	—	43,716	72,619	—	72,619	67,900	—	67,900
	Sonoma State Hospital.....	39,377	—	39,377	71,656	—	71,656	80,600	—	80,600
950	Totals, Department of Mental Hy-	\$1,321,995	—	\$1,321,995	\$1,939,834	—	\$1,939,834	\$1,174,904	—	\$1,174,904
	giene.....				—\$63,614	—	—\$63,614	\$165,350	—	\$165,350
951	Department of Public Health.....									
	Department of Rehabilitation:									
	Industries for the Blind:									
	Los Angeles Center.....	\$22,400	—	\$22,400	\$1,876,220	—	\$1,876,220	\$1,340,254	—	\$1,340,254
	Totals, Health and Welfare.....	\$1,344,395	—	\$1,344,395						
953	Highway Transportation:									
955	Department of the California Highway									
	Patrol.....		\$251,885	\$251,885	\$3,323,919	—	\$3,323,919	\$1,193,735	—	\$1,193,735
959	Department of Motor Vehicles.....		6,181,438	6,181,438	3,874,738	—	3,874,738	2,211,850	—	2,211,850
1021	Department of Public Works:									
	Division of Highways.....		269,928,868	269,928,868	355,273,826	—	355,273,826	280,560,662	—	280,560,662
	Division of Aeronautics.....		2,823	2,823	—	—	—	—	—	—
	Totals, Department of Public Works.....		\$269,931,691	\$269,931,691	\$355,273,826	—	\$355,273,826	\$280,560,662	—	\$280,560,662
	Totals, Highway Transportation.....		\$276,365,014	\$276,365,014	\$362,472,483	—	\$362,472,483	\$283,966,247	—	\$283,966,247
1023	Military Affairs:									
	Military Department.....	\$636,629	—	\$636,629	\$887,541	—	\$887,541	\$376,844	—	\$376,844

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref- er- ence	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
CAPITAL OUTLAY—Continued										
Resources:										
Department of Conservation (Includes California Youth Conservation)-----	1031			\$749,973	\$1,935,053		\$1,935,053	\$1,129,757		\$1,129,757
Department of Fish and Game-----	1033		\$235,796	235,796		\$245,218	245,218		\$198,860	198,860
Wildlife Conservation Board-----	1036		851,146	851,146		\$77,955	877,955		789,600	789,600
Department of Parks and Recreation-----	1049	4,672,948		4,672,948	33,300,767		33,300,767	4,349,945		4,349,945
Department of Water Resources-----	1059	\$316,664	\$19,867,677	\$50,184,341	\$1,751,097	\$71,746,607	\$73,497,704	\$1,480,274	\$9,529,025	\$11,009,299
Totals, Resources-----		\$5,739,585	\$50,954,619	\$56,694,204	\$36,986,917	\$72,869,780	\$109,856,697	\$6,959,976	\$10,517,485	\$17,477,461
Veterans Affairs:										
Veterans Home of California-----	1064	\$18,044		\$18,044	\$87,140		\$87,140	\$230,850		\$230,850
Unallocated:										
Project Planning-----	1065				\$180,702		\$180,702	\$300,000		\$300,000
Miscellaneous Repairs, Improvements and Equipment-----	1065				51,800		51,800	100,000		100,000
Totals, Unallocated-----					\$232,502		\$232,502	\$400,000		\$400,000
TOTALS, CAPITAL OUTLAY-----		\$16,576,853	\$328,866,929	\$345,443,782	\$49,779,549	\$438,612,069	\$488,391,618	\$14,982,335	\$297,838,551	\$312,770,886

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
SUBVENTIONS: Agriculture:	LOCAL ASSISTANCE									
	Assistance to County Agricultural Fairs and Citrus Fruit Fairs-----		\$2,665,971	\$2,665,971		\$3,419,350	\$3,419,350		\$2,831,100	\$2,831,100
	Salaries of County Agricultural Commissioners-----	\$171,001		171,001	\$171,229		171,229	\$177,600		177,600
	Totals, Agriculture-----	\$171,001	\$2,665,971	\$2,836,972	\$171,229	\$3,419,350	\$3,590,579	\$177,600	\$2,831,100	\$3,008,700
CORRECTIONS:	Assistance to Counties for Construction of Juvenile Homes and Camps-----	\$305,425		\$305,425	\$644,445		\$644,445	\$535,130		\$535,130
	Assistance to Counties for Maintenance of Juvenile Homes and Camps-----	2,643,230		2,643,230	3,013,020		3,013,020	3,189,720		3,189,720
	Assistance for Control of Juveniles-----	27,000		27,000	13,500		13,500	13,500		13,500
	Totals, Corrections-----	\$2,975,655		\$2,975,655	\$3,670,965		\$3,670,965	\$3,738,350		\$3,738,350
EDUCATION:	Apportionments for Public Schools-----	\$759,861,628	\$3,102,736	\$762,964,364	\$832,985,722	\$3,536,000	\$836,521,722	\$919,509,274	\$3,550,000	\$923,059,274
	School District Organization Revolving Fund-----	5,000,000		5,000,000	500,000		500,000			
	Junior College Assistance-----	5,881,666		5,881,666	5,817,971		5,817,971	6,223,688		6,223,688
	Child Care Centers-----									
	Contributions to Teachers' Retirement Fund-----	43,003,199		43,003,199	47,239,000		47,239,000	52,500,000		52,500,000
	Grants to Teachers of Physically Handicapped minors-----							60,000		60,000
	Debt Service on Public School Building Bonds-----	36,769,592		36,769,592	38,125,945		38,125,945	42,615,075		42,615,075
	Free Textbooks-----	8,699,919		8,699,919	11,946,173		11,946,173	13,889,000		13,889,000
	Assistance to Public Libraries-----				800,000		800,000	800,000		800,000
	School Building Construction-----		179,967	179,967		268,275	268,275		130,000	130,000
	Vocational Education—Reimbursements to School Districts-----	230,271		230,271	230,271		230,271	230,271		230,271
	Totals, Education-----	\$859,446,275	\$3,282,703	\$862,728,978	\$937,645,082	\$3,804,275	\$941,449,357	\$1,035,827,308	\$3,680,000	\$1,039,507,308
HEALTH AND WELFARE:	Mental Hygiene:									
	Assistance to Local Agencies for Mental Health Services-----	\$3,205,713		\$3,205,713	\$5,291,206		\$5,291,206	\$11,679,948		\$11,679,948
	Public Health:									
	Assistance to Counties for Care of Crippled Children-----	\$8,450,551		\$8,450,551	\$11,079,690		\$11,079,690	\$11,978,842		\$11,978,842
	Assistance to Counties for Tuberculosis Sanatoria-----	3,557,761		3,557,761	3,140,418		3,140,418	3,207,628		3,207,628
	Assistance to Counties without Local Health Departments-----	424,734		424,734	496,843		496,843	578,299		578,299
	Assistance to Local Health Departments-----	4,109,164		4,109,164	4,241,401		4,241,401	4,363,211		4,363,211
	Assistance to Counties for Gnat Control-----	50,000		50,000	50,000		50,000	50,000		50,000

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
	LOCAL ASSISTANCE—Continued									
	SUBVENTIONS—Continued									
	Health and Welfare—Continued									
	Public Health—Continued									
	Assistance to Counties for Mosquito Control.....	\$207,719	-----	\$207,719	\$209,463	-----	\$209,463	\$214,522	-----	\$214,522
1100	Assistance to Counties for Treatment of Physically Handicapped Children.....	1,459,631	-----	1,459,631	1,676,276	-----	1,676,276	1,934,780	-----	1,934,780
1100	Assistance to Local and Nonprofit Agencies for Hospital Construction.....	12,013,288	-----	12,013,288	14,393,713	-----	14,393,713	11,148,965	-----	11,148,965
1101	Totals, Public Health.....	\$30,272,848	-----	\$30,272,848	\$35,287,804	-----	\$35,287,804	\$33,476,247	-----	\$33,476,247
	Social Welfare:									
	Assistance									
1103	Aid to Blind.....	\$9,417,056	-----	\$9,417,056	\$9,793,600	-----	\$9,793,600	\$10,579,100	-----	\$10,579,100
1104	Aid to Potentially Self-Supporting Blind.....	468,269	-----	468,269	110,500	-----	110,500	369,600	-----	369,600
1105	Aid to Disabled.....	17,098,675	-----	17,098,675	30,484,300	-----	30,484,300	48,782,800	-----	48,782,800
1105	Aid to Families with Dependent Children.....	81,760,320	-----	81,760,320	90,649,500	-----	90,649,500	108,517,500	-----	108,517,500
1106	Old Age Security.....	151,473,526	-----	151,473,526	156,450,000	-----	156,450,000	165,919,200	-----	165,919,200
1106	Medical Assistance for the Aged.....	6,739,556	-----	6,739,556	18,567,000	-----	18,567,000	23,793,600	-----	23,793,600
	Total Assistance.....	\$266,957,402	-----	\$266,957,402	\$306,054,900	-----	\$306,054,900	\$357,961,800	-----	\$357,961,800
	Rehabilitative Services:									
1108	Prevention of Blindness.....	-----	-----	-----	-----	-----	-----	\$41,710	-----	\$41,710
1108	Sheltered Workshops.....	-----	-----	-----	-----	-----	-----	30,000	-----	30,000
	Total Rehabilitative Services.....	-----	-----	-----	-----	-----	-----	\$71,710	-----	\$71,710
	Local Administration:									
1110	Training.....	\$63,811	-----	\$63,811	\$102,801	-----	\$102,801	\$116,702	-----	\$116,702
1111	Special Projects.....	281,132	-----	281,132	786,600	-----	786,600	786,600	-----	786,600
	Total, Local Administration.....	\$344,943	-----	\$344,943	\$889,401	-----	\$889,401	\$903,302	-----	\$903,302
	Licensing and Adoptions:									
1112	Local Inspection of Homes and Agencies Caring for Aged and Children.....	\$1,486,884	-----	\$1,486,884	\$1,550,400	-----	\$1,550,400	\$1,620,045	-----	\$1,620,045
1112	Reimbursement to Counties for Administration and Cost of Care of Adoptions.....	3,834,294	-----	3,834,294	4,779,047	-----	4,779,047	5,476,264	-----	5,476,264
	Total Licensing and Adoptions.....	\$5,321,178	-----	\$5,321,178	\$6,329,447	-----	\$6,329,447	\$7,096,309	-----	\$7,096,309
	Totals, Social Welfare.....	\$272,623,523	-----	\$272,623,523	\$313,273,748	-----	\$313,273,748	\$366,033,121	-----	\$366,033,121
	Totals, Health and Welfare.....	\$306,102,084	-----	\$306,102,084	\$353,852,758	-----	\$353,852,758	\$411,189,316	-----	\$411,189,316

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
	LOCAL ASSISTANCE—Continued									
	SUBVENTIONS—Continued									
	Highway Transportation:									
1116	Airport Assistance.....		\$345,389	\$345,389		\$350,502	\$350,502		\$335,000	\$335,000
1117	Local Roads and Highways.....		4,433,206	4,433,206		6,241,528	6,241,528		7,322,656	7,322,656
1117	Grade Crossing Protection Works.....		4,327,853	4,327,853		4,837,010	4,837,010		5,232,977	5,232,977
	Totals, Highway Transportation.....		\$9,106,448	\$9,106,448		\$11,429,040	\$11,429,040		\$12,890,633	\$12,890,633
	Resources:									
	Flood Control:									
	Department of Water Resources Proj-									
	ects.....	\$7,567,160		\$7,567,160	\$15,387,761		\$15,387,761	\$12,441,827		\$12,441,827
1120	Reclamation Board Projects.....	6,890,573		6,890,573	5,711,774		5,711,774	10,438,114		10,438,114
1120										
	Totals, Flood Control.....	\$14,457,733		\$14,457,733	\$21,099,535		\$21,099,535	\$22,879,941		\$22,879,941
	Beach Erosion Control.....									
1122	Loans and grants to Local Agencies for	\$318,795		\$318,795	\$1,225,655		\$1,225,655	\$889,520		\$889,520
1124	Small Craft Harbors.....				150,000		150,000	—150,000		—150,000
1131	Grants to Soil Conservation Districts.....	99,701		99,701	100,000		100,000	100,000		100,000
	Totals, Resources.....	\$14,876,229		\$14,876,229	\$22,575,190		\$22,575,190	\$23,719,461		\$23,719,461
	Other Purposes:									
1132	Salaries of Superior Court Judges.....	\$3,908,620		\$3,908,620	\$4,063,783		\$4,063,783	\$4,103,900		\$4,103,900
1133	Contributions to Judges' Retirement Fund	455,080		455,080	476,763		476,763	480,396		480,396
1133	County Veterans Service Officers.....	499,990		499,990	500,000		500,000	500,000		500,000
1133	Workmen's Compensation for Disaster									
1133	Service Workers.....	46,698		46,698	49,000		49,000	55,000		55,000
	Assistance to Cities and Counties for									
	Peace Officers' Standards and Train-									
	ing.....		\$669,168	669,168		\$470,000	470,000		\$781,160	781,160
1134										
1135	Storm and Flood Damage Repair.....	359,306	604,150	963,456	—17,095	5,724,375	5,707,280	—17,095		—17,095
1136	Earthquake Damage Repair.....	—107,833		—107,833	—106,844		—106,844	—109,120		—109,120
1136	Veterans' Housing.....	—114,724		—114,724	—44,500		—44,500	—5,400		—5,400
	Totals, Other Purposes.....	\$5,047,137	\$1,273,318	\$6,320,455	\$4,921,107	\$6,194,375	\$11,115,482	\$5,007,681	\$781,160	\$5,788,841
	TOTALS, SUBVENTIONS.....	\$1,188,618,381	\$16,328,440	\$1,204,946,821	\$1,322,836,331	\$24,847,040	\$1,347,683,371	\$1,479,659,716	\$20,182,893	\$1,499,842,609
	SHARED REVENUES:									
	For General Government:									
1138	Apportionment of Liquor License Fees.....		\$11,397,919	\$11,397,919		\$10,784,932	\$10,784,932		\$10,980,000	\$10,980,000
1138	Apportionment of Motor Vehicle License									
1138	Fees.....		140,724,826	140,724,826		150,550,000	150,550,000		159,660,000	159,660,000
1138	Apportionment of Highway Properties									
1138	Rental Receipts.....		524,008	524,008		725,653	725,653		820,000	820,000
	Totals, General Government.....		\$152,646,753	\$152,646,753		\$162,060,585	\$162,060,585		\$171,460,000	\$171,460,000

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref- er- ence	Actual 1962-63			Estimated 1963-64			Estimated 1964-65		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
LOCAL ASSISTANCE—Continued										
SHARED REVENUES—Continued										
For County Roads:										
Apportionment of Motor Vehicle Fuel Tax.....	1139		\$81,881,964	\$81,881,964		\$93,825,461	\$93,825,461		\$106,662,000	\$106,662,000
Apportionment of Motor Vehicle Registration and Weight Fees.....	1139		13,938,372	13,938,372		7,639,140	7,639,140			
Totals, County Roads.....			\$95,820,336	\$95,820,336		101,464,601	\$101,464,601		\$106,662,000	\$106,662,000
For City Streets:										
Apportionment of Motor Vehicle Fuel Tax.....	1139		\$40,495,287	\$40,495,287		44,656,518	\$44,656,518		\$48,988,000	\$48,988,000
For County Roads and City Streets:										
Apportionment of Motor Vehicle Fuel Tax.....	1139					32,020,000	32,020,000		\$68,264,000	\$68,264,000
TOTALS, SHARED REVENUES.....			\$288,962,376	\$288,962,376		\$340,201,704	\$340,201,704		\$395,374,000	\$395,374,000
TOTALS, LOCAL ASSISTANCE.....		\$1,188,618,381	\$305,290,816	\$1,493,909,197	\$1,322,836,331	\$365,048,744	\$1,687,885,075	\$1,479,659,716	\$415,556,893	\$1,895,216,609
GRAND TOTALS, EXPENDITURES:										
STATE OPERATIONS.....		\$675,939,064	\$187,525,649	\$863,464,713	\$746,740,250	\$211,579,727	\$958,319,977	\$829,733,132	\$225,878,012	\$1,055,611,144
CAPITAL OUTLAY.....		16,576,853	328,866,929	345,443,782	49,779,549	438,612,069	488,391,618	14,932,335	297,838,551	312,770,886
LOCAL ASSISTANCE.....		1,188,618,381	305,290,816	1,493,909,197	1,322,836,331	365,048,744	1,687,885,075	1,479,659,716	415,556,893	1,895,216,609
TOTALS.....		\$1,881,134,298	\$821,683,394	\$2,702,817,692	\$2,119,356,130	\$1,015,240,540	\$3,134,596,670	\$2,324,325,183	\$939,273,456	\$3,263,598,639

Schedule 4

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1963, JUNE 30, 1964, AND JUNE 30, 1965

Fund	Page refer- ence	Accumulated surplus June 30, 1962	Actual income 1962-63	Actual expenditures 1962-63	Transfers between funds	Accumulated surplus June 30, 1963	Estimated income 1963-64	Estimated expenditures 1963-64	Transfers between funds	Accumulated surplus June 30, 1964	Estimated income 1964-65	Estimated expenditures 1964-65	Transfers between funds	Accumulated surplus June 30, 1965
GENERAL FUND		\$99,180,187	\$1,865,997,032	\$1,881,134,298		\$45,451,995 a38,587,928	\$2,192,281,827	\$2,119,358,130		\$115,823,352 a11,140,266	\$2,197,529,216	\$2,324,325,183		\$8,766,392 a21,406,259
<i>Transfers from Other Funds:</i>														
California Water Fund							(+80,000,000)		(+80,000,000)		(+20,004,755)		(+20,004,755)	
California Water Fund							(+19,958,198)		(+19,958,198)		(+15,363,243)		(+15,363,243)	
Fair and Exposition Fund			(+14,821,049)				(+14,821,049)		(+14,821,049)					
Insurance Fund			(+2,416)											
California Museum of Science and Industry Fund			(+69,003)				(+73,500)		(+73,500)				(+73,500)	
Motor Vehicle Transportation Tax Fund			(+5,000,000)				(+22,800,919)		(+22,800,919)					
Medical Care Premium Deposit Fund							(+80,000,000)		(+80,000,000)					
School Building Aid Fund														
<i>Transfers to Other Funds:</i>														
Assembly Contingent Fund				(+3,362,375)				(+3,815,280)	(-3,815,280)		(+3,855,189)	(+3,855,189)	(-3,855,189)	
Insurance Fund				(+1,851,787)				(+2,091,799)	(-2,091,799)		(+500,000)	(+500,000)	(-500,000)	
Senate Contingent Fund				(+102,822)				(+62,839)	(-62,839)		(+2,080,821)	(+2,080,821)	(-2,080,821)	
Poultry Testing Project Fund				(+219,287)				(+219,287)	(-219,287)		(+75,086)	(+75,086)	(-75,086)	
California Museum of Science and Industry Fund				(+451,167)				(+219,287)	(-219,287)		(+279,588)	(+279,588)	(-279,588)	
State Fair Fund				(+451,167)				(+244,342)	(-244,342)		(+287,510)	(+287,510)	(-287,510)	
SPECIAL FUNDS:														
Agriculture Fund	72	3,298,002	7,559,149	7,654,229		500,054 b2,702,868	8,043,877	8,205,993		387,738 b2,652,888	8,082,034	8,250,526		269,246 b2,602,868
Airport Assistance Fund	528	17,238		351,738	+350,000	a15,502		365,502	+350,000			350,000	+350,000	
Alcoholic Beverage Control Fund	566	1,527,602	10,585,249	11,397,919			10,800,000	10,784,932		a730,000	11,000,000	10,980,000		a750,000
Architecture Public Building Fund	43	-144,899	1,197,517	1,223,564		a714,932	1,316,683	1,308,252		-162,495	1,310,450	1,304,438		-156,483
Assembly Contingent Fund	2	381,254		3,132,957				3,757,611				4,522,000		
Banking Fund	572	667,124	823,794	814,299		a610,672	929,499	-3,815,280	(+3,815,280)	a888,341	1,030,560	-3,855,189	(+3,855,189)	1,530
California Museum of Science and Industry Fund	77	161,987	-69,003	707,228	(-69,003)	676,619	-73,500	850,014	(-73,500)	758,104	-73,500	981,294	(-73,500)	825,370
California Water Fund	1061	104,674,438	36,402,237	50,677,376	(+15,000)	147,262	31,369,053	77,708,274	(-20,000,000)	116,536	31,372,456	765,198	(+279,588)	75,026
Chiropractic Examiners Fund	603	52,827	105,841	95,974	(+219,287)	a43,797,863	-39,958,198	694,113	(-19,958,198)	2,937,177	20,004,755	-279,588	(-20,004,755)	4,825,362
Collection Agency Fund	606	5,146	204,543	200,885		62,694	102,690	107,946		a1,184,703	31,372,456	9,679,518	(+279,588)	a1,184,703
Employment Contingent Fund	918	2,072,135	1,849,785	208,664		9,304	288,265	273,169		57,438	280,060	112,398		40,830
Electronic Repair Dealer Registration Fund	614					3,448,586	1,921,977	918,567		24,400	2,091,916	2,097,769		20,889
Fair and Exposition Fund	813	2,555,739	22,149,059	7,866,187	(-265,000)	a264,670	350,000	127,458	(-265,000)	a49,770	350,000	252,272	(-265,000)	320,270
Fish and Game Preservation Fund	696	5,270,940	11,249,879	11,016,893	(-15,000)		22,789,125	9,844,591	(-15,000)	222,542	23,885,000	8,321,757	(-15,000)	5,930,227
Highway Fund	970	120,460,091	2,608,765	338,641,921	(+365,811,921)	a1,734,570	-14,582,108	11,226,007	(-14,582,106)	a100,000	-15,363,243	11,496,720	(-15,363,243)	a24,811,871
Highway Properties Rental Fund	974	510,815	736,558	524,008		a538,357	1,927,000	513,147,415	+423,002,287	5,775,906	2,027,000	481,477,175	+479,232,318	a838,712
						a729,365	820,000	725,653		a823,712	835,000	820,000		

Schedule 4—SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1963, JUNE 30, 1964, AND JUNE 30, 1965—Continued

Fund	Page refer- ence	Accumulated surplus June 30, 1962	Actual income 1962-63	Actual expenditures 1962-63	Transfers between funds	Accumulated surplus June 30, 1963	Estimated income 1963-64	Estimated expenditures 1963-64	Transfers between funds	Accumulated surplus June 30, 1964	Estimated income 1964-65	Estimated expenditures 1964-65	Transfers between funds	Accumulated surplus June 30, 1965
SPECIAL FUNDS—Continued														
Highway Users Tax Fund.....	974			95,820,356	+75,481,367 +7,170,626 +381,980,264 —368,811,921			101,464,601	+82,224,072 +13,781,405 +433,461,411 —428,002,287		106,602,000		+83,813,985 +14,707,050 +487,373,277 —479,282,318	841,987
Insurance Fund.....	578	2,004,576	2,070,975 —2,415	2,429,183	(—2,415)	1,643,553	2,520,633	2,724,568		1,410,018	1,887,798	2,985,829 —500,000 1,775		
Marriage Counselors Fund.....	621				—75,481,367	31,100,998	162,632,653	83,840,786		1,805			(+500,000)	30
Motor Vehicle Fund.....	524	32,871,129	162,991,361	76,447,472	—381,980,264	34,188,336	445,519,000	3,735,801	—82,224,072	30,501,446	171,997,749	84,146,019	—83,813,985	34,539,191
Motor Vehicle Fuel Fund.....	369	32,243,478	386,698,117	2,422,995	—350,000	10,074,876	157,188,500	155,951,253	—350,000	42,160,124	491,770,000	3,696,390	—350,000	42,510,457
Motor Vehicle License Fee Fund.....	525	9,083,975	146,897,536	145,836,635	—7,170,626	1,156,713	15,236,000	1,182,884	—433,461,411	11,310,123	166,487,000	165,255,402	—487,373,277	12,541,721
Motor Vehicle Transportation Tax Fund.....	369	898,101	14,142,522	1,156,713	(—5,000,000)	1,713,284	15,236,000	1,182,884	—13,781,405	1,384,995	16,036,000	1,345,886	—14,707,056	1,963,053
Peace Officers Training Fund.....	559	715,581	393,808	724,225		385,164	675,900	540,230		520,834	871,800	854,262		538,372
Petroleum and Gas Fund.....	671	158,179	790,225	832,832		116,552	890,970	804,178		142,344	852,445	894,789		100,000
Pilot Commissioner's Special Fund.....	587	35,639	31,106	25,430		41,265	30,000	45,315		45,315	26,512	26,512		38,803
Poultry Testing Project Fund.....	79	46,500	66,015	161,914		53,393	52,878	139,997		29,113	48,666	145,365		7,500
				—102,822	(+102,822)			—62,839	(+62,839)			—75,086	(+75,086)	
Professional and Vocations Fund:														
Accountancy Fund.....	596	443,592	483,385	300,613		626,364	124,652	296,812		454,204	494,664	331,733		617,135
Architectural Examiners Fund.....	597	84,651	119,454	93,958		110,147	258,365	117,813		250,699	79,726	125,328		205,097
Barber Examiners Fund.....	600	72,337	244,344	221,881		95,300	447,425	286,814		284,911	181,354	263,820		203,446
Cemetery Fund.....	602	21,646	55,377	58,694		18,329	73,540	62,946		28,923	72,565	63,128		33,360
Contractors License Board Fund.....	608	1,336,873	1,589,335	1,508,730		1,417,118	3,143,933	1,598,558		2,962,793	602,115	1,754,029		1,810,879
Cosmetology Contingent Fund.....	610	253,325	853,930	473,019		664,236	321,706	477,655		508,287	926,112	497,349		937,050
Dentistry Fund.....	611	136,210	56,122	144,536		293,173	166,100	166,100		174,809	158,232	158,232		87,107
Dry Cleaners Fund.....	613	96,732	816,956	411,837		501,851	150,602	430,476		221,977	866,490	444,514		643,953
Funeral Directors and Embalmers Fund.....	616	29,302	159,802	81,458		107,646	13,002	83,663		36,985	164,799	84,432		117,352
Furniture and Bedding Inspection Fund.....	617	107,372	999,834	499,222		607,984	61,477	503,692		165,769	1,041,302	521,803		685,208
Landscaping Architects Fund.....	620	42,102	1,911	24,438		19,530	50,820	24,047		46,303	5,100	24,307		27,096
Medical Examiners Contingent Fund.....	624	896,679	362,087	576,338		682,408	1,299,000	646,086		1,335,322	373,814	615,151		1,093,085
Board of Nursing Education and Nurse Registration Fund.....	626	316,675	486,337	456,051		346,961	505,333	524,505		327,699	538,418	569,018		297,099
Optometry Fund.....	627	21,316	125,491	59,904		87,403	3,900	63,992		27,311	130,565	65,378		92,498
Osteopathic Examiners, Contingent Fund of the Board of.....	629	84,300	23,804	60,316		47,788	11,300	30,278		28,810	10,250	22,876		10,184
Pharmacy Board Contingent Fund.....	630	139,330	366,880	402,976		103,234	571,366	426,737		247,863	286,834	448,710		85,957
Physical Therapy Fund.....	624	19,137	408	12,794		6,751	12,794	16,101		28,890	393	16,216		13,027
Private Investigator and Adjuster Fund.....	632	65,415	181,023	139,265		107,152	34,080	156,465		—15,233	191,156	158,064		17,859
Professional Engineers Fund.....	604	161,673	575,193	401,029		335,837	212,675	430,058		118,454	720,990	439,395		400,049
Registered Social Workers Fund.....	635	14,139	35,040	32,602		16,517	33,797	35,667		14,647	32,850	33,763		13,704
Shorthand Reporters Fund.....	633	33,213	47,565	23,475		57,303	12,150	24,828		44,625	20,141	50,775		69,259
Structural Pest Control Fund.....	637	64,397	292,018	275,124		81,291	298,760	310,940		69,111	951,877	417,948		603,040
Veterinary Examiners' Contingent Fund.....	638	20,078	30,206	31,900		18,384	85,475	37,965		63,894	9,211	39,364		35,741
Vocational Nurse Examiners Fund.....	640	62,086	204,603	140,479		126,210	40,287	142,458		24,009	213,508	150,444		87,073
Yacht and Ship Brokers Fund.....	642	43,954	23,792	20,368		47,378	24,975	23,734		48,619	25,885	23,704		50,800
Real Estate Education, Research and Recovery Fund.....	582	1,243,246	494,998	569,657		1,168,587	530,000	552,333		1,146,254	535,146	694,026		1,016,474
Real Estate Fund.....	582	1,146,393	1,840,683	2,204,361		782,715	2,405,937	2,438,871		749,781	2,459,625	2,603,602		605,804
Savings and Loan Inspection Fund.....	585	774,623	1,402,573	1,222,615		954,581	1,704,683	1,328,991		1,330,273	1,749,812	1,526,405		1,553,680
Senate Contingent Fund.....	2	726,674		—1,851,727	(+1,851,727)	478,511	2,099,890	2,112,155	(+2,091,799)	458,165	—2,091,799	—2,050,821	(+2,080,821)	91,976

Schedule 4—SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1963, JUNE 30, 1964, AND JUNE 30, 1965—Continued

Fund	Page refer- ence	Accumulated surplus June 30, 1962	Actual income 1962-63	Actual expenditures 1962-63	Transfers between funds	Accumulated surplus June 30, 1963	Estimated income 1963-64	Estimated expenditures 1963-64	Transfers between funds	Accumulated surplus June 30, 1964	Estimated income 1964-65	Estimated expenditures 1964-65	Transfers between funds	Accumulated surplus June 30, 1965
SPECIAL FUNDS—Continued														
State Fair Fund.....	393	—218,945	1,787,177	2,293,915 —451,157	+265,000 (+491,157)	—9,526	2,457,827	2,976,245 —214,342	+265,000 (+244,342)	—18,600	2,460,221	2,994,131 —287,510	+265,000 (+287,510)	
State School Fund.....	1077	258,807	3,108,424	3,000,925		386,306	3,316,100	3,500,000		132,406	3,371,750	3,500,000		54,156
State School Construction Fund.....	1087	1,000,000		179,967		820,033		268,275		551,758		130,000		421,758
Subsidence Abatement Fund.....	671	126,739	71,167	86,100		111,806	93,364	96,347		108,823	89,857	98,580		100,000
Transportation Rate Fund.....	651	1,916,043	4,056,123	3,255,623		2,716,543	4,182,328	3,790,607		3,108,264	3,824,645	4,091,277		2,841,632
Wildlife Restoration Fund.....	1036	2,142,504	875,510	935,321		a2,082,693	833,981	962,975		a1,953,699	832,104	875,067		a1,910,736
Tort Liability Claims.....								440,000		—440,000		646,000		—1,086,000
Provision for Salary Increases.....								5,800,470		—5,800,470		11,710,762		—17,511,232
TOTALS, SPECIAL FUNDS.....		\$333,572,245	\$801,920,355	\$821,653,394		\$257,806,450	\$846,401,829	\$1,015,240,540		\$136,369,247	\$932,387,370	\$939,273,456		\$130,815,414
						a\$53,299,888				a\$5,948,380				a\$4,666,127
						b\$2,702,868				b\$2,652,868				b\$2,602,868
GRAND TOTALS, ALL STATE FUNDS.....		\$432,752,432	\$2,697,917,387	\$2,702,817,692		\$303,261,445	\$8,038,683,656	\$3,134,566,670		\$252,197,599	\$3,129,916,586	\$3,263,598,639		\$139,581,806
						a\$91,837,814	(+42,800,919)			a\$17,088,646				a\$26,072,366
						b\$2,702,868			(+42,800,919)	b\$2,652,868				b\$2,602,868

^a General Fund—Reserve for Unencumbered Balance of Continuing Appropriations:

	1963-64	1964-65
State Operations.....	\$1,174,392	\$11,000
Capital Outlay.....		
California Museum of Science and Industry.....	281,425	5,809,047
California State Fair.....	6,209,047	1,586,212
Local Assistance.....	4,475,402	3,000,000
Reserve for Education.....	20,000,000	9,000,000
Reserve for Medical Care obligations and possible Federal adjustments.....	9,000,000	
Total Reserves, General Fund.....	\$41,140,266	\$21,406,259

Special Funds—Reserve for Unencumbered Balance of Continuing Appropriations

^b Invested in Agriculture Building Fund.

^c Accumulated Surplus adjusted for \$5,000,000 loan from the General Fund and \$15,120 Board of Control claim approved by State Highway Commission and not yet approved by the State Board of Control.

Schedule 5

STATEMENT OF BALANCES IN OTHER TREASURY FUNDS WHICH ARE NOT INCLUDED IN THE BUDGET TOTALS

Fund	Page Ref-er-ence	Balance June 30, 1962				Balance June 30, 1963			
		Cash	Securities	Due from Surplus Money Investment Fund	Total	Cash	Securities	Due from Surplus Money Investment Fund	Total
WORKING CAPITAL AND REVOLVING FUNDS:									
Agriculture Building Fund.....	1201	\$53,560	-----	-----	\$53,560	\$21,330	-----	-----	\$21,330
Architecture Revolving Fund.....	1153	63,020,446	-----	-----	63,020,446	62,455,491	-----	-----	62,455,491
Ballot Paper Revolving Fund.....	1142	35,850	-----	-----	35,850	85,302	-----	-----	85,302
California Industries for the Blind Manufacturing Fund.....	1174	269,104	-----	-----	269,104	37,236	-----	-----	37,236
Correctional Industries Revolving Fund.....	1158	1,908,393	-----	-----	1,908,393	1,571,725	-----	-----	1,571,725
Highway Right of Way Acquisition Fund.....	974	2,697,528	-----	-----	2,697,528	1,324,923	-----	-----	1,324,923
Opportunity Work Centers Revolving Fund.....	1142	18,546	-----	-----	18,546	12,507	-----	-----	12,507
Old Age and Survivors Insurance Revolving Fund.....	1142	140,035	-----	-----	140,035	137,636	-----	-----	137,636
Public Building Construction Fund.....	1198	69,804	-----	\$750,000	819,804	83,408	-----	\$450,000	533,408
Service Revolving Fund.....	1143	504,000	-----	-----	504,000	1,148,423	-----	-----	1,148,423
Soil Conservation Development Fund.....	1178	49,651	-----	-----	49,651	59,059	-----	-----	59,059
State Payroll Revolving Fund.....	1142	49,940,981	-----	-----	49,940,981	62,280,579	-----	-----	62,280,579
State Water Pollution Control Fund.....	1179	70,213	-----	-----	70,213	36,830	-----	-----	36,830
Surplus Educational Property Revolving Fund.....	1173	251,702	-----	-----	251,702	618,326	-----	-----	618,326
Surplus Money Investment Fund.....	1142	187,244	\$166,938,747	—164,600,000	2,525,991	73,422	-----	—232,645,000	3,465,039
Water Rights Board Revolving Fund.....	1142	73,095	-----	-----	73,095	46,685	-----	-----	46,685
Water Resources Revolving Fund.....	1180	5,426,173	-----	-----	5,426,173	1,635,085	-----	-----	1,635,085
PUBLIC SERVICE ENTERPRISE FUNDS:									
San Francisco Harbor Funds:									
San Francisco Harbor Improvement Fund.....	1220	299,877	-----	4,000,000	4,299,877	193,436	-----	4,050,000	4,243,436
India Basin Sinking Fund.....	1142	1,981	7,893	-----	9,877	7,668	-----	7,885	15,553
San Francisco Seawall Sinking Fund No. 2.....	1142	10,798	8,907	-----	19,705	178,948	-----	9,878	188,826
San Francisco Seawall Sinking Fund No. 3.....	1142	11,585	10,887	-----	22,472	220,062	-----	10,866	230,928
San Francisco Seawall Sinking Fund No. 4.....	1142	83,410	198,794	-----	282,204	80,059	-----	199,333	279,392
San Francisco Seawall Fund No. 4.....	1142	29,293	-----	100,000	129,293	9,235	-----	120,000	129,235
San Francisco Seawall Fund No. 5.....	1142	47,769	-----	15,800,000	15,847,769	106,962	-----	13,850,000	13,956,962
Toll Bridge Funds:									
Carquinez Strait Bridges Construction Fund.....	1214	523,607	14,397,242	-----	14,920,849	92,289	-----	12,897,530	12,989,819
San Francisco-Oakland Bay Bridge Construction Fund.....	1214	22,054	496,545	-----	518,599	19,444	-----	147,745	167,189
San Francisco-Oakland Bay Bridge Toll Revenue Fund.....	1214	389,668	52,496,104	-----	52,885,772	250,889	-----	48,531,722	48,782,611
Southern Crossing Engineering Fund.....	1214	35,244	49,303	-----	84,547	21,651	-----	29,536	51,187
Toll Bridge Authority Revolving Fund.....	1142	50,000	-----	-----	50,000	50,000	-----	-----	50,000
San Pedro-Terminal Island Toll Bridge Construction Fund.....	1215	295,752	11,094,147	-----	11,389,899	318,390	-----	3,783,212	4,101,602
Other Utility Funds:									
College Auxiliary Enterprise Fund.....	1212	123,511	-----	-----	123,511	130,082	-----	-----	130,082
Compensation Insurance Fund.....	1216	1,046,244	113,938,349	500,000	115,484,593	913,271	-----	138,837,500	142,300,771
Small Craft Harbor Revolving Fund.....	1130	2,262,882	-----	-----	2,262,882	2,834,221	-----	-----	2,834,221
Small Craft Harbor Improvement Fund.....	1130	-----	-----	-----	-----	70,599	-----	-----	70,599
State College Dormitory Revenue Fund.....	1212	738,118	-----	-----	738,118	672,465	-----	-----	672,465
Unemployment Compensation Disability Fund.....	1241	592,162	71,928,920	-----	72,521,082	1,157,956	-----	47,222,809	48,380,765
Veterans Farm and Home Building Fund of 1943.....	1218	996,314	-----	42,000,000	42,996,314	1,335,679	-----	64,000,000	65,335,679

Schedule 5—STATEMENT OF BALANCES IN OTHER TREASURY FUNDS WHICH ARE NOT INCLUDED IN THE BUDGET TOTALS—Continued

		Balance June 30, 1962				Balance June 30, 1963			
Page Ref- er- ence	Fund	Cash	Securities	Due from Surplus Money Investment Fund	Total	Cash	Securities	Due from Surplus Money Investment Fund	Total
BOND FUNDS:									
1062	California Water Resources Development Bond Fund	178,316	---	---	178,316	120,961	---	---	120,961
1084	Public School Building Loan Fund	33,669	---	---	33,669	70,664	---	---	70,664
1083	State School Building Aid Fund	118,010,008	---	---	118,010,008	65,499,999	---	---	65,499,999
1067	State Construction Program Fund	81,214,518	---	---	81,214,518	49,220,009	---	---	49,220,009
1130	Small Craft Harbor Bond Fund	213,271	---	3,000,000	3,213,271	181,484	---	5,000,000	5,181,484
RETIREMENT FUNDS:									
1221	Judges' Retirement Fund	42,002	1,961,598	---	2,003,600	3,108	1,592,125	---	1,595,233
1222	Legislators' Retirement Fund	21,456	406,607	---	428,063	42,393	439,000	---	481,393
1222	State Employees' Retirement Fund	6,125,509	1,550,934,002	---	1,557,059,511	4,783,568	1,762,293,339	---	1,767,076,907
1221	Teachers' Retirement Fund	7,029,066	687,058,621	---	694,087,687	6,754,550	787,697,239	---	794,451,789
DEBT SERVICE FUNDS:									
1030	Harbor Bond Sinking Fund	2,070	---	---	2,070	422,250	---	---	422,250
793	Olympic Bond Fund	683	211,798	---	212,481	5,658	183,999	---	189,657
793	Sacramento State Building Interest and Sinking Fund	647	4,197,422	---	4,198,069	780	4,354,210	---	4,354,990
1200	State College Dormitory Interest and Redemption Fund	921	980,621	---	981,542	769	1,371,101	---	1,371,870
TRUST AND AGENCY FUNDS:									
Federal Funds:									
1061	Central Valley Water Project Construction Fund	75,640	---	---	75,640	78,826	---	14,025,000	14,103,826
---	Central Valley Water Project Revenue Fund	---	---	---	---	29,036	---	---	29,036
---	Public Health—Federal Fund	881,817	---	---	881,817	2,159,837	---	---	2,159,837
---	Social Welfare—Federal Fund	6,557,101	---	---	6,557,101	10,148,041	---	---	10,148,041
1242	Unemployment Administration Fund	7,261,452	---	---	7,261,452	4,603,321	---	---	4,603,321
---	Vocational Education—Federal Fund	2,585,714	---	---	2,585,714	3,137,728	---	---	3,137,728
---	Vocational Rehabilitation—Federal Fund	248,483	---	---	248,483	233,963	---	---	233,963
Other Trust and Agency Funds:									
1142	Condemnation Deposit Fund	11,946,711	23,246,591	---	35,193,302	15,213,718	22,272,470	---	37,486,188
1171	Inmate Welfare Fund	158,207	---	---	158,207	152,012	---	---	152,012
1113	Medical Care Premium Deposits Fund	16,739,735	---	---	16,739,735	21,050,061	---	---	21,050,061
1142	School Land Fund	61,884	11,873,200	8,200,000	20,135,084	168,003	10,414,219	10,550,000	21,132,222
1142	Special Deposit Fund	11,256,956	---	1,350,000	12,606,956	14,192,232	---	1,050,000	15,242,232
1223	State Employees Contingency Reserve Fund	187,093	161,191	---	348,284	111,974	612,372	---	724,346
1142	State Park Contingent Fund	40,299	---	---	40,299	45,994	---	---	45,994
1142	Tax Deeded Land Rental Trust Fund	2,291	---	---	2,291	4,335	---	---	4,335
1142	Unclaimed Property Fund	79,493	4,286,043	400,000	4,765,536	218,834	4,269,876	550,000	5,038,710
1241	Unemployment Fund	12,702	---	---	12,702	58,005	---	---	58,005
TOTAL BALANCES IN OTHER TREASURY FUNDS									
---		\$403,244,341	\$2,710,883,532	\$—88,500,000	\$3,031,627,873	\$339,003,386	\$3,083,264,583	\$—115,925,000	\$3,306,342,969
General Fund									
---	Highway Fund and Motor Vehicle Funds	122,422,713	92,632,040	---	122,422,713	115,680,742	59,391,703	38,700,000	115,680,742
---	Other Special Funds	19,757,633	---	---	151,239,673	33,043,726	62,470,000	77,225,000	131,155,439
---	Treasurer's Trust Accounts	20,768,800	101,554,214	49,650,000	171,973,014	24,511,235	---	---	164,236,235
---	Uncleared Collections	60,155,685	---	---	60,155,685	53,653,730	---	---	53,653,730
---	Warrants Outstanding	743,869	---	---	743,869	1,201,334	---	---	1,201,334
---	Time Deposits in Banks ^a	108,134,435	---	---	108,134,435	157,560,392	---	---	157,560,392
---	Pooled Money Account ^a	—211,489,000	211,489,000	---	---	—215,296,000	---	---	---
---		—487,262,211	487,262,211	---	---	—470,220,503	---	---	---
TOTALS, STATE TREASURERS ACCOUNTABILITY									
---		\$36,476,265	\$3,609,370,997	---	\$3,646,317,262	\$44,163,092	\$3,890,642,789	---	\$3,934,810,881

a Not identified as to fund.

